

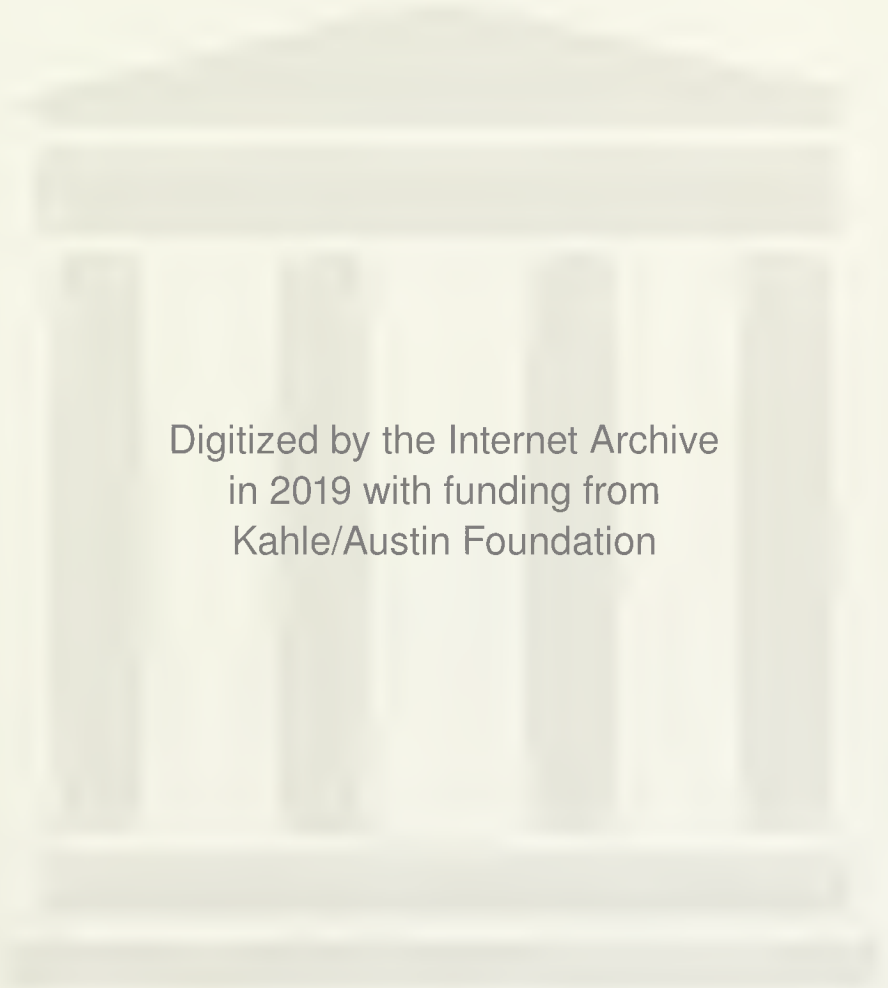
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Foreign Relations of the United States 1950

Volume III

Western Europe

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PREFACE

The late S. Everett Gleason supervised the initial planning and compilation of this volume. Fredrick Aandahl succeeded him as editor in 1972 and directed the process of review, declassification, and final editing.

David H. Stauffer compiled and edited the sections on the concern of the United States with the defense of Western Europe, continued economic assistance to Europe, and negotiation of the Schuman Plan, as well as the sections on Belgium, Iceland, Ireland, the Netherlands, Norway, and Sweden. Charles S. Sampson prepared the sections on the meeting of ambassadors at Rome, the meetings of foreign ministers at London and New York, and the question of possible establishment of diplomatic relations with the Vatican, as well as those on Portugal, Spain, Switzerland, and the United Kingdom. Lisle A. Rose prepared the section on American interest in the Council of Europe; Joan Ellen Corbett those on efforts in support of democratic forces in Italy and the Free Territory of Trieste; and Mr. Aandahl the one on France and John A. Bernbaum the one on revision of the Treaty of Peace with Italy. The technical editing of the volume was done by the Publishing and Reproduction Division (Willard M. McLaughlin, Chief), and Francis C. Prescott prepared the index.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including those of the Joint Chiefs of Staff. They are grateful for the cooperation of the North Atlantic Treaty Organization, the National Security Council, the Department of Defense, and the Central Intelligence Agency, all of which facilitated declassification of papers for release in this volume. Thanks are also due to those foreign governments that kindly granted permission for publication of certain of their documents.

David F. Trask
The Historian
Bureau of Public Affairs

Principles for the Compilation and Editing of "Foreign Relations"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350

34888

of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 Documentary Record of American Diplomacy

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
b. To condense the record and avoid repetition of needless details.
c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
d. To avoid giving needless offense to other nationalities or individuals.
e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

A-bomb, atomic bomb
ABC, America, Britain, and Canada
ACC, Allied Control Council for Germany
Actel, series indicator for telegrams from Secretary of State Acheson while away from Washington
ADA, Americans for Democratic Action
AF of L, American Federation of Labor
agam, airgram
AGSec, Allied General Secretariat, Allied High Commission for Germany
AHC, Allied High Commission for Germany
AIOC, Anglo-Iranian Oil Company
AMC, Allied Military Government
AMP, Additional Military Production
AMPSB, Additional Military Production Supply Board
ANZAM, Australia, New Zealand, and Malaya
ARA, Bureau of Inter-American Affairs, Department of State
B.J.S.M., British Joint Staff Mission
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
BOT, Board of Trade (British)
C of E, Council of Europe
CC, Consultative Council of the Western Union
CCS, Combined Chiefs of Staff
CD, Christian Democratic Party
CDU, *Christlich-Demokratische Union* (Christian Democratic Union)
C.E.D.A., *Confederación Española de Derechas Autonoma,* a Catholic conservative coalition existing under the Spanish Republic
CFM, Council of Foreign Ministers
CFTC, *Confédération Française des Travailleurs Chrétiens* (French Confederation of Christian Workers)
CGT, *Confédération Générale du Travail* (General Confederation of Labor), in France
CINC (C in C), Commander in Chief
CINCEUR, Commander in Chief, Europe
CINCNELM, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean
CINCPAC, Commander in Chief, Pacific
CIO, Congress of Industrial Organizations
cirtel, circular telegram
C.N.T., *Confederación Nacional del Trabajo* (National Confederation of Labor), in Spain
ConGenUSAFE, Commanding General, United States Air Force in Europe
COMISCO, Committee of the International Socialist Conference
Contel, Consulate telegram
COSSAC, Chief of Staff to the Supreme Allied Commander (Designate), a planning headquarters formed in 1943
CP, Communist Party
CPF, Communist Party of France
CPG, Central People's Government (People's Republic of China)
DC, Defense Committee, NATO
DCM, Defense Committee Memorandum
DDR, *Deutsche Demokratische Republik* (German Democratic Republic)
DefCom, Defense Committee, NATO

DefMins, Defense Ministers
Delau, series indicator for telegrams from the United States Delegation for Austria at the Council of Foreign Ministers
Depcirctel (Depcirtel, Deptcirctel), Department of State circular telegram
Depcirgram, Department of State circular airgram
Deptel, Department of State telegram
Depto, series indicator for telegrams from the United States Deputy Representative to the North Atlantic Council
DFEC, Defense Financial and Economic Committee, NATO
DM, *Deutsche Mark*
DOT, dependent overseas territory
DPB, Defense Production Board
ECA, Economic Cooperation Administration
ECA/W, headquarters of the Economic Cooperation Administration in Washington
ECAFE, Economic Commission for Asia and the Far East
Ecato, series indicator for telegrams from the Economic Cooperation Administration in Washington to its missions abroad
ECC, European Coordinating Committee
ECE, Economic Commission for Europe
EDECC, Executive Director, European Coordinating Committee
EDF, European Defense Force
Embtel, Embassy telegram
EPU, European Payments Union
ERP, European Recovery Program
EuCom, European Command, United States Army
EUR, Assistant Secretary of State for European Affairs; Bureau of European Affairs; Europe; European
FACC, Foreign Assistance Correlation Committee
FAO, Food and Agriculture Organization
FCN, Friendship, Commerce, and Navigation (treaty)
FE, Far East; Far Eastern
FECD, Finance and Economic Committee Document
FedRep, Federal Republic of Germany
FINEBEL, a hypothetical combination of France, Italy, and the Benelux countries in a regional economic union
FM, Foreign Minister
FMACC, (formerly FACC), Foreign Military Assistance Coordinating Committee
FMASC, (formerly FASC), Foreign Military Assistance Steering Committee
FM D, designation for papers prepared for or during the meetings of the Foreign Ministers
FO, *Force Ouvrière,* French labor group
fonaff, foreign affairs
FonMin, Foreign Minister
FonOff, Foreign Office
FrDel, French Delegation
FTT, Free Territory of Trieste
FY, fiscal year
FYI, for your information
G, Deputy Under Secretary of State
GA, General Assembly of the United Nations
GADel, United States Delegation at the United Nations General Assembly
GATT, General Agreement on Tariffs and Trade
GDR, German Democratic Republic
GER, Bureau of German Affairs, Department of State
GOB, Government of Burma
GTI, Office of Greek, Turkish, and Iranian Affairs, Department of State; or Greece, Turkey, and Iran
H-bomb, hydrogen bomb
HICOG, United States High Commissioner for Germany
HICOM, High Commission(er) for Germany
HMG, His Majesty's Government
HPPP, High Priority Production Program
IAF, Italian Air Force
IAR, International Authority for the Ruhr
IBRD, International Bank for Reconstruction and Development

IC, Indochina; or Interim Committee of the United Nations General Assembly
ICAO, International Civil Aviation Organization
ILO, International Labor Organization
IMF, International Monetary Fund
infotel, information telegram
intel, circular information telegram
IRO, International Refugee Organization
ISG(G), Intergovernmental Study Group on Germany
Itcols, former Italian colonies
ITO, International Trade Organization
ITP, Office of International Trade Policy, Department of State
ITU, International Telecommunication Union
IWG, International Working Group
JAMAG, Joint American Military Advisory Group
JCS, Joint Chiefs of Staff
JCSRE, Joint Chiefs of Staff, Representitives, Europe
JUSMAG, Joint United States Military Advisory Group
LA, Latin America
Leg, Legation
LiDel, Libyan Delegation
LOC, line of communication
MA, Military Attaché
MAAG, Military Assistance Advisory Group
MAP, Military Assistance Program
MAPAG, Military Assistance Program Advisory Group
MC, Military Committee, NATO
MDA, Director of Mutual Defense Assistance
MDAP, Mutual Defense Assistance Program
MFN, most favored nation
MilCom, Military Committee, NATO
Min, Minister
MP, Member of Parliament
MPSB, Military Production and Supply Board, NATO
MRP, *Mouvement Républicain Populaire,* French political party
MSB, Military Supply Board, Western Union
MSC, Military Staff Committee of the United Nations Security Council
MTDP, Medium Term Defense Plan
MTP, Medium Term Plan
mytel, my telegram
NA, Naval Attaché
NA, North Atlantic
NAA, North Atlantic area
NAC, National Advisory Council on International Monetary and Financial Problems
NAC, North Atlantic Council
NAP, North Atlantic Pact
NAPBOS, North Atlantic Planning Board for Ocean Shipping
NAT, North Atlantic Treaty
NAT–NE (NERPG), North Atlantic Treaty–Northern European Regional Planning Group
NAT–RPG, North Atlantic Treaty–Regional Planning Group
NAT–SEWM (SEWMRPG), North Atlantic Treaty–Southern Europe, Western Mediterranean Regional Planning Group
NATO, North Atlantic Treaty Organization
NATSG, North Atlantic Treaty Standing Group
NE, Office of Near Eastern Affairs, Department of State; Near East; Near Eastern
NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State; Northeast Asia
NECOS, Northern European Chiefs of Staff
niact, night action, communications indicator requiring attention by the recipient at any hour of the day or night
NME, National Military Establishment
NNG, Netherlands New Guinea
NSC, National Security Council
NYDels, Delegation to the Foreign Ministers Meeting at New York
OEEC, Organization for European Economic Cooperation
OSPB, Ocean Shipping Planning Board, NATO
OSR, Office of the Special Representative in Europe for the Economic Cooperation Administration

PC, participating country
PLANAT, Planning, North Atlantic Treaty
PLI, prohibited and limited industries
POL, petroleum, oil, and lubricants
PolAd, Political Adviser
POW, prisoner of war
PRA, United Nations Relief and Works Agency for Palestine Refugees in the Near East
PriMin, Prime Minister
PWS, Permanent Working Staff
QR, quantitative restriction(s)
RA, Office of European Regional Affairs, Department of State
RCT, Regimental Combat Team
reDepintel, regarding Department of State circular information telegram
reDeptel, regarding Department of State telegram
reEmbtel, regarding Embassy telegram
refdesp, reference despatch
reftel, reference telegram
Repsec, series indicator for telegrams from the Special Representative in Europe for the Economic Cooperation Administration to the Secretary of State
Repto, series indicator for messages from the Special Representative in Europe for the Economic Cooperation Administration to the Administration headquarters in Washington
reurtels, regarding your telegrams
RGR, *Rassemblement des Gauches Républicaines,* French political party
ROK, Republic of Korea
S/A, Ambassador at Large
S/P, Policy Planning Staff, Department of State
SC, Security Council of the United Nations
SCAP, Supreme Commander for the Allied Powers in Japan
SEA, Southeast Asia
Secrep, series indicator for telegrams to the Special Representative in Europe for the Economic Cooperation Administration from the Secretary of State
Secto, series indicator for telegrams from the Secretary of State when he is absent from the Department; or a series indicator for telegrams from the United States Delegation at the May and September Foreign Ministers and NATO Council meetings
SFM, September Foreign Ministers Meetings; or a designation for documents or minutes of those meetings
SG, Standing Group of the North Atlantic Council Military Committee with headquarters in Washington, composed of the permanent representatives of the Chiefs of Staff of France, the United Kingdom, and the United States
SHAEF, Supreme Headquarters, Allied Expeditionary Force (1944–1945)
SHAPE, Supreme Headquarters, Allied Powers, Europe
SOA, South Asia
SPD, *Sozialdemokratische Partei Deutschlands* (German Social Democratic Party)
SUSRep, Senior United States Representative, North Atlantic Treaty Military Production Supply Board
SYG, Secretary-General
TC, Trusteeship Council of the United Nations
Telac, series indicator for telegrams to Secretary of State Acheson while away from Washington
Todep, series indicator for telegrams to the United States Deputy Representative to the North Atlantic Council
Toeca, series indicator for telegrams to the Economic Cooperation Administration in Washington from its missions abroad
Tomap, designation for telegrams concerned with the Mutual Defense Assistance Program
Torep, series indicator for messages to the Special Representative in Europe for the Economic Cooperation Administration from the Administration headquarters in Washington

Tosec, series indicator for telegrams to the Secretary of State when he is absent from the Department; or a series indicator for telegrams to the United States Delegation to the May and September Foreign Ministers and NATO Council meetings

U.G.T., *Unión General del Trabajadores,* Spanish labor group

UKDel, United Kingdom Delegation

UNCI, United Nations Commission for Indonesia

UNCOK, United Nations Commission on Korea

UNESCO, United Nations Educational, Scientific and Cultural Organization

UNGA, United Nations General Assembly

UNISCAN, a limited financial union entered into in early 1950 by the United Kingdom, Denmark, Norway, and Sweden

UNP, Office of United Nations Political and Security Affairs, Department of State

UNSC, United Nations Security Council

UNSCOB, United Nations Special Committee on the Balkans

urtel, your telegram

USDel, United States Delegation

USIE, United States Information and Educational Exchange Program

USReps, United States Representatives

USUN, United States Mission at the United Nations

V.N.A., Vietnam National Army

VOA, Voice of America

WE, Office of Western European Affairs, Department of State; Western European

WG, Working Group

WGPF, Working Group on Production and Finance

WHO, World Health Organization

WU, Western Union (Belgium, France, Luxembourg, the Netherlands, and the United Kingdom, signatories of the Treaty of Brussels, March 17, 1948)

WUCC, Western Union Consultative Council

WUFEC, Western Union Finance and Economic Committee

WUMSB, Western Union Military Supply Board

WUO, Western Union Organization

WUPC, Western Union Permanent Commission

ZI, Zone of the Interior

CONCERN OF THE UNITED STATES WITH THE DEFENSE OF WESTERN EUROPE: MILITARY ASSISTANCE THROUGH THE NORTH ATLANTIC TREATY ORGANIZATION; ENCOURAGEMENT OF WEST GERMAN PARTICIPATION IN AN INTEGRATED EUROPEAN DEFENSE FORCE [1]

740.5 MAP/1–350

The Secretary of State to the President

SECRET [WASHINGTON,] January 3, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Strategic concept for the integrated defense of the North Atlantic Area.

The strategic concept of the integrated defense of the North Atlantic area [2] which was approved by the North Atlantic Defense Committee on December first is to be considered by the North Atlantic Council on January sixth. This strategic concept, as approved by the Defense Committee, has been transmitted to you by Secretary Johnson [3] together with his statement that it meets with his approval and with that of the Joint Chiefs of Staff.

The first drafts of this paper were prepared in the Department of Defense and concurred in by the Department of State. Subsequently, the paper received the consideration and approval of all the North Atlantic Treaty members. Various amendments resulted from this process, but there were no major substantive changes made in the version as originally drafted by the United States.

I believe that this document represents the first major achievement under the North Atlantic Treaty. That these twelve nations could agree on a common basis for defense would have scarcely seemed possible a relatively short time ago and is a most encouraging indication of the growing spirit of cooperation among the North Atlantic Treaty members.

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[1] For previous documentation, see *Foreign Relations*, 1949, vol. IV, pp. 1 ff. For related documentation on the organization of the Mutual Defense Assistance Program and on global aspects of military aid and national security policy, see *ibid.*, vol. I, pp. 249 ff. and *ibid.*, 1950, vol. I, pp. 126 ff.

[2] For text of this report dated December 1, 1949, see *ibid.*, p. 353.

[3] Secretary of Defense Louis A. Johnson.

As you know, Public Law 329, The Mutual Defense Assistance Act of 1949,[4] provides that military assistance furnished by the United States to members of the North Atlantic Treaty shall be subject to agreements designed to assure that such assistance will be used "to promote an integrated defense of the North Atlantic Area and to facilitate the development of defense plans by the Council and the Defense Committee under Article 9 of the North Atlantic Treaty [5] and to realize unified direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance shall be furnished only in accordance therewith."

Further, that the $1,000,000,000 authorized for North Atlantic Treaty nations, except for $100,000,000 immediately available, shall become available "when the President of the United States approves recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee under the North Atlantic Treaty." The law further specifies that "The President, prior to the furnishing of assistance to any eligible nation, conclude agreements with such nation, or group of such nations . . .[6]"

I am satisfied that the concept does provide the basis for an integrated defense of the North Atlantic area and that it fulfills the requirements of Public Law 329 in that it contains agreement on the essentials of a pattern of area defense based on individual national specialization, and on the assignments made thereunder, and that it contains agreement that military assistance is not to be used to develop separate and unrelated defenses. While the concept does provide the basis for integrated defense, it will, of course, have to be supplemented by additional and more detailed guidance to the different regional groups on their missions in an integrated over-all defense plan. The Standing Group of the Military Committee is at present drawing up such guidance. Implementation of planning for integrated defense is also proceeding on collateral lines as evidenced by the agreement of the Military Production and Supply Board on a concept for providing the production and supply of munitions under the North Atlantic

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[4] For text of this Act, approved by President Truman October 6, 1949, see Department of State *Bulletin*, October 24, 1949, pp. 604–608, or 63 Stat. 714. For a comprehensive account of the central and field organization of the MDAP, and the operation of the program from its inception October 6, 1949, to April 6, 1950, see House Document No. 613, 81st Cong., 2d session. Also, see organizational chart of the MDAP, dated June 14, 1950, facing p. 128.

[5] For text, signed April 4, 1949, see *Foreign Relations*, 1949, vol. IV, p. 281, or Department of State Treaties and Other International Acts Series (TIAS) No. 1964, or 63 Stat. 2241.

[6] Ellipses appear in the source text.

Treaty. This paper [7] has been approved by the Defense Committee and is on the agenda of the Council for the January sixth meeting.

I shall transmit the recommendations for integrated defense to you as soon as they have been approved by the Council. I understand that Secretary Johnson has recommended that you approve them and I intend to concur in his recommendation as soon as the Council has taken action.[8]

The other items on the Agenda for the Council meeting are of lesser importance and require no action on your part.

DEAN ACHESON

---

[7] "A Concept for Providing the Production and Supply of Munitions under the North Atlantic Treaty," November 15, 1949, not printed. A copy of this paper is in Department of State file no. 740.5 MAP/1–1050.

[8] Secretary of State Acheson, in a memorandum of January 10, not printed, informed President Truman that the North Atlantic Council had approved the recommendations on January 6, and he recommended that the President do the same (740.5/1–1050).

740.5 MAP/1–350

Memorandum by the Director of the Mutual Defense Assistance Program (Bruce) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] January 3, 1950.

As you are aware, the Mutual Defense Assistance Program was developed by the FACC, consisting of representatives of the Secretaries of Defense and State and the Administrator, ECA, pursuant to basic policy established by Presidential approval of NSC 14/1.[2] This program was developed, and has been presented to and approved by the President and the Congress, on the basis of a global survey of requirements for military assistance and the allocation of resources available for such assistance among those nations and in those quantities best designed to promote our national interest.

Under these circumstances, it is essential to point out that in the absence of new legislation, and frequently regardless thereof, the

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[1] James Bruce also addressed this memorandum to Under Secretary of State James E. Webb and Deputy Under Secretary of State Dean Rusk.

[2] "The Position of the United States with Respect to Providing Military Assistance to Nations of the Non-Soviet World," July 1, 1948, approved as governmental policy on July 10 and implemented by enactment on October 6, 1948, of Public Law 329, 81st Congress—the Mutual Defense Assistance Act of 1949, and by Public Law 430, which made appropriations authorized by the enabling act. NSC 14/1 is printed in *Foreign Relations*, 1948, vol. I, Part 2, p. 585. A progress report on its implementation, dated March 31, 1950, is in the S/S–NSC Files, Lot 63 D 351, NSC 14 Series. Lot 63 D 351 is a serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

provision of military assistance to countries not included in the Mutual Defense Assistance Act, or on a larger scale than that envisaged in the MDA program, can not be accomplished without either of two results: (*a*) at the expense of the programs authorized by the President and the Congress as essential to U.S. interests, or (*b*) by a further depletion of U.S. military stocks, stocks which are already being lowered to the minimum level compatible with security in order to meet the MDA program originally authorized.

In spite of these considerations, NSC decisions have now been taken with respect to Korea (NSC 8/2), Austria (NSC 38/4), Yugoslavia (NSC 18/4) and Asia (NSC 48/2)[3] which contemplate the provision of assistance which has not been provided for in MDAP. From the record available to us, it does not appear in any of these cases that there was either inquiry made, or consideration given, to the cost or other consequences of such assistance, either in terms of its effect upon MDAP or the military stock position of the Department of Defense. In the case of Austria, for example, it is estimated that the utilization of military stocks earmarked for MDAP, which is the only feasible method suggested for implementing NSC 38/4, will have most serious consequences in materially reducing the volume of deliveries to North Atlantic Pact countries which can be made this year. The concern with which we view this prospect is exceeded only by our doubt as to whether this result was in fact made known to, and considered by, the NSC in arriving at the conclusions expressed in NSC 38/4. The exact ramifications of implementing this particular decision are being vigorously explored through the FACC and are being communicated to you separately.[4] To forestall any possibility that comparable future situations may be considered in a vacuum, we recommend that an effort be made to defer NSC consideration of any new proposals which envisage the provision of military assistance beyond the terms of the Mutual Defense Assistance Program until such proposals can be evaluated by the FACC in terms of their relative value to the United States as compared to other demands upon the limited resources available for such purposes, and a recommendation based thereon can be made to the National Security Council. In other words, FACC would be used by NSC as a subcommittee whenever proposals for military assistance were under consideration. Such a procedure

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[3] The texts of these four NSC papers, dated March 22, November 17, November 17, and December 30, 1949, respectively, are in *Foreign Relations*, 1949, vol. VII, Part 2, p. 969; *ibid.*, vol. III, p. 1190; not printed; and in *ibid.*, vol. VII, Part 2, p. 1215.

[4] Memorandum entitled "Equipping the Austrian Armed Forces," January 3, 1950, James Bruce to the Secretary and Under Secretary of State, not printed (740.5 MAP/1–350).

would provide the National Security Council with information essential to an intelligent judgment on the proposal.

I urge that you advance this recommendation at an early NSC meeting and seek the formal approval thereof.

JAMES BRUCE

Editorial Note

The North Atlantic Council met in Washington on January 6, 1950, in its third session. Secretary of State Acheson was chairman of the meeting. The other NATO participants were represented by their diplomatic representatives in Washington. The Council considered and approved the report discussed in Acheson's memorandum of January 3 to the President, page 1.

The official summary report of action taken at the January 6 meeting was sent to Secretaries of the Defense Committee and the Defense Financial and Economic Committee and is in the S/ISA Files, Lot 52–26, North Atlantic Council. Lot 52–26 contains the files of the Office of the Director for International Security Affairs in the Department of State for the years 1949–1951.

740.5/1–1350

Memorandum by the Director of the Office of European Regional Affairs (Martin) to the Assistant Secretary of State for European Affairs (Perkins)

TOP SECRET [WASHINGTON,] January 13, 1950.

Subject: Possible Items for Discussion with Representatives of Joint Chiefs.

There are several areas in which there may be some disposition on the part of U.S. military representatives to have reservations with respect to full sharing with other NAT countries. The following have occurred to me:

1. It is emphasized in the Strategic Concept and Strategic Guidance papers [1] that NATO numerical inferiority must be made up for by, among other things, advanced technology. How far are we prepared to go in sharing our technology with other NAT countries? Are we to permit European countries to standardize and construct facilities to produce equipment which we know to be inferior to equipment we now have? Are we to transfer under MDAP equipment inferior to that being used by U.S. forces?

[1] The Strategic Guidance paper is not found in Department of State files. It concerned regional defense planning.

2. Similar questions can be raised with respect to intelligence.

3. NATO planning in the Guidance paper is described as defensive and the instructions are confined to the defense of the NATO area. It is nevertheless stated that the objective, in case war should break out, is to defeat the enemy. Can the enemy be defeated by purely defensive operations? If not, why should not NATO planning encompass counter-offensive as well as defensive operations? Is it solely a matter of maintaining essential flexibility in planning?

4. As corollary to the preceding questions, in so far as counter-offensive operations may be envisaged, is it appropriate to confine NATO planning to operations within the area of the NAT countries? As a matter of fact, even with respect to defensive planning, lines outside the area of NAT countries are envisaged primarily east of territories now held by NAT countries in Europe. Must not counter offensive operations be considered from a global standpoint? The obligations of Article 5 of the treaty are to restore the security of the NAT countries. Can this be done if planning is confined to defensive measures and if no planning is to be done for operations outside the NATO area?

5. Again related to the preceding questions, the present concept seems to interpret NAT countries narrowly to exclude colonial areas and areas members of a common union such as Indonesia and the prospective situation of Vietnam. From the standpoint of the integrity and future well-being of NAT countries as well as from the standpoint of counter offensive operations, why should not consideration be given, as part of NATO planning and of expenditures under the treaty, to the defense of bases around the world in such areas and essential to their defense.

6. Again related to the preceding point, the problems of defending the NAT area and the shipping requirements for their defense, both agreed assignments, will be affected by the extent to which other areas from which important resources are secured will be available and transportation routes to them open. Isn't it a narrow conception of the defense of the NATO area not to include such essential supporting areas as Middle East oil, African copper, manganese, uranium, etc. The necessity for this has already been recognized by Western Union and planning is going forward for the defense of areas outside the Western Union itself. Why should not the same be done in NATO? How do we propose to concert with countries having jurisdiction over them the defense of such areas including mutual contributions to required forces.

7. It is presumably possible to estimate the number of divisions and air groups required to defend NATO territory. It is not possible to determine what contribution the European countries should make until it can be known what contribution the U.S., also a member of the NATO, is prepared to make. Until this is known it may be impossible to determine whether an effective defense line can be established. It is not only necessary to know how many but also how soon U.S. forces can be available. The longer a line must be held without assistance, the more troops and reserves will be required. Again it may make the difference as to whether defense against all-out attack is or is not feasible with available economic resources. How far are we pre-

pared to go in matching the other members of the Pact by making planning commitments of this character?

8. With respect to all the European countries with overseas territories which they must defend, or with overseas investments in critical resources which they feel required to defend in order to be able to continue to wage war, it is impossible for them to commit forces for the defense of the NATO area until they know the extent to which their forces may be required to defend areas outside NATO. This again is a decision which they can hardly make without knowing the extent to which the U.S. values these colonies or resources in time of war sufficiently to assist in their defense. This is a matter which has already arisen as to the British, who are extremely reluctant to make any commitments on Western Union defense in the absence of any knowledge of what help they can expect from us in such areas as the Middle East.

9. How long dare we postpone an attack on the intricate problems of theatre and command organization, an issue with which Western Union has struggled for nearly two years without fully resolving?

10. How do we handle the problems raised by the fact that on the quiet we are sharing military plans rather fully with UK, but in NATO, both in military matters, and even more in production and financial matters, treat her like all the rest, a situation which they have made clear they find unpleasant.

I don't mean to suggest that reserve on any of the above questions on the part of U.S. representatives is not justified. Rather the situation, as I see it, is one in which there will always be a fundamental hard core with respect to which, in view of our global responsibility and our leadership politically, militarily and technically, we shall have to reserve. Rather it is a question of going as far as we can to be full members and giving a well thought-out direct answer in those cases in which we must hold back.

740.5 MAP/1–1850: Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET PRIORITY WASHINGTON, January 18, 1950—8 a. m.

ToMAP. Status bilateral agreements: [2]

I. Brit proposed draft on bilateral agreement involved considerable changes in org and language. To date those changes which have been agreed to have not involved any change in substance in text of agree-

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[1] Sent to London (for ECA), Paris, Rome, Oslo, The Hague, Copenhagen, Brussels (passed to Luxembourg), and HICOG, Heidelberg (for Handy).

[2] Detailed documentation of the final stage of negotiation of the bilateral MDAP agreements in early 1950 is primarily in Department of State file 740.5 MAP and the country files related to this number, i.e. 7**.5 MAP.

ment although they have involved certain additional confidential minutes of negotiations. Outstanding problems with Brit are as fols:

[Here follows a listing of problems and the additional minutes under consideration with the British, followed by a brief coverage of the status of bilateral negotiations with Italy, France, Norway, Denmark, Belgium, Luxembourg, and the Netherlands.]

Lond at high level should urge immediately upon Brit need for quick agreement on text of bilateral in order that signature by other govts will not be further delayed. You should point out that the Brit delay in this matter is causing serious problems for us in 3 major respects:

a. It is delaying the signing of the bilateral agreements with the other govts since they are not in a position to conclude agreements until the Brit text is finalized. This position arises out of understandable position that they are concerned lest matters of substance in the Brit agreement might be different from their agreement.

b. The delay in the signing of the bilateral agreements is delaying the implementation of the program which, if protracted any further may well result in certain US inability to carry out this year's program since under our legislation all funds must be committed by June 30.

c. The possibilities of obtaining favorable Congressional action on a program for 1951 are prejudiced, since the Brit failure to act expeditiously on the text of the bilateral agreement, which has been in their hands since early Nov,[3] causes serious doubts in American public opinion and Congressional circles as to Brit intentions with respect to implementation of the NAT. The US has consequently taken the public position that the delay in the Brit agreement is not causing a delay in the implementation of the program, since an admission of this type would have repercussions seriously prejudicial to the further development of military assistance programs. However, there is developing a growing opinion of discontent with the Brit delays in this matter, which will have a lasting harmful effect on the development of the program, not only for the UK, but for all other Pact countries as well as possible serious consequences for development entire Pact structure. In these circumstances you should request the Brit at top level to assist us in resolving these matters immediately in order that these undesirable consequences will not be magnified. You might also note that while [*meanwhile?*] the Pres is delaying approval of the Council recommendations for an integrated defense of the area, since to have those recommendations approved prior to time when assistance can be provided because bilaterals not yet concluded would have a most

[3] A copy of the November 2 draft bilateral agreement, not printed, is in Department of State file no. 840.20/12–1449. The draft was distributed in November to all recipient nations of the North Atlantic Pact as the suggested pattern for their bilateral agreements.

harmful effect. However, the Pres cannot delay much longer approval of Council recommendations without public and Congressional opinion realizing that such delay derives from fact that bilaterals are not concluded. It is for this reason that we are making every possible effort to finalize text with Brit immediately and to sign bilaterals with other 7 countries and if possible with Brit week of Jan 23. Quick Brit help and cooperation in this matter is therefore most urgently sought.

[Here follows, for London information only, detailed reference to certain British expenditures and an assurance that the United States was fully aware of the United Kingdom's budgetary problems.]

ACHESON

Editorial Note

A major obstacle to completion of the bilateral MDAP agreements was the presence of Article VII in the November 2 draft bilateral. The paragraph read as follows: "The two Governments recognize their mutual interest, consistent with mutual security and recovery objectives, in effective controls over the export of war-potential materials, equipment and, insofar as practicable, technical data; and the two Governments will consult with a view to taking measures for the accomplishment of these ends."

The participating countries favored deletion of Article VII, believing that it raised serious parliamentary issues and impeded accomplishment of the objectives of the agreement. The Department of State agreed to deletion, provided that the assurance of adequate controls over exports of war-potential materials be treated in some other form of agreement. (840.00R/1–1650)

740.5 MAP/1–2150 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET PRIORITY WASHINGTON, January 21, 1950—2 a. m.

ToMAP. Status bilateral agreements:

1. All questions of substance with Brit have been resolved except for granting diplomatic privileges and immunities to personnel in MAP section U.S. Embassy. Question is being considered by PriMin.[2] Brit also advise, contrary to previous position, that Brit, if agreement

[1] Sent to London, Paris (for Harriman), Rome, Oslo, The Hague, Copenhagen, Brussels (and for Luxembourg), and HICOG, Heidelberg (for Handy).

[2] British Prime Minister Clement R. Attlee.

on personnel and final language reached, will be able to sign week of Jan 23 (Para III Depcirtel Jan 18 [3]). Thus, Brit instructions today provide that agreement on facilities concerning which we may ask, as well as agreement on foreign project statement for increased production, are not conditions precedent to signature bilaterals.

2. As of Jan 20, Ital, Fr, Nor, Belg, Dutch, Lux Embassies had not yet received instructions to stand by terms of previous agreement, and not make changes in text as in Brit agreement, nor have they been advised as to which minutes agreed to with Brit should be adopted by them. Danish Embassy instructed not to accept Brit text agreement. You should reiterate request for most expeditious action as set forth in Para IV Depcirtel Jan 18.[4]

3. Re Para II–*d* Jan 18 Depcirtel.[5] Dutch advise they can accept letter in substitution for old Para [*Article*] 7 (controls over exports war potentials) provided letter does not refer to consultative procedures Paris.[6] Dept has requested Dutch Embassy to obtain authority to make such references, and has agreed that letter can indicate that purpose of meetings Paris are consultative and informal, and for making recommendations. Requested Embassy Hague present Dept's position to Dutch.

4. Danes advise its Govt does not object to proposals contained in letter in substitution for old Para 7, but cannot agree to letter since they believe it would have to be made public. Since letter is merely a unilateral request for deletion old Para 7 and in effect constitutes a part of negotiating history, there is no need for making letter public, or for considering it secret agreement. Embassy Copenhagen requested to press this point to Danish foreign office.

5. For use Embassy Hague and Copenhagen, text proposed letter which addressed to Surrey [7] as U.S. negotiator, and which will not be answered fols: Refers to proposal U.S. to have included in bilaterals Art VII Nov 2 draft, advises recipient govt in full accord with terms, refers to discussions held in Paris and progress made in those discussions with respect to estab and operation of permanent consultative group on estab control over export war potential materials. Letter assures intention of recipient govt cooperating further in operations

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[3] Paragraph III not printed.
[4] Paragraph IV not printed.
[5] Paragraph II–*d* not printed.
[6] For documentation on the activities of a permanent consultative group, established in Paris in November 1949 to discuss the export control of strategic resources and products in East-West trade, see *Foreign Relations*, 1949, vol. v, pp. 61 ff.
[7] Walter S. Surrey, Acting Coordinator of the Foreign Military Assistance Program (FMAP).

permanent consultative group, and intention recipient govt to cooperate further in development such controls, and therefore, recommends for U.S. consideration deletion of art. Letter will not be answered, but Art 7 will be deleted. It therefore cannot be considered as constituting an agreement but is only a part of negotiating history.

ACHESON

759.5 MAP/1–2450 : Telegram

The Secretary of State to the Embassy in Denmark [1]

SECRET PRIORITY NIACT

WASHINGTON, January 24, 1950—11 p. m.

ToMAP 39. Ur 45 Jan 21, rptd London 34, Oslo 2, Hague 1; and ur 53, Jan 24, 26 London, 18 Paris.[2] In mtg with Danish negotiators tonight Danish Govt represented as still opposing (1) Secret ltr in substitution old Para 7 dealing with E-W trade, Paris talks, etc. Dept agreed tonight to meet Danes position halfway by accepting ltr similar to that outlined Para 5 Depcirtel Jan 21 which would be addressed to Harriman in Paris.[3] Norwegians have accepted original ltr proposed by Dept while Dutch have accepted modification of it. Urgent advice to Danes of Dutch and Norwegian action and outline of above suggestion re ltr to Harriman shd be made. (2) Danes still oppose secret ltr advising that in event of change of circumstances in Denmark re local currency requirements US (mtg substantial decrease in purchasing power Danish kroner) Danish Govt agreeable consult with US. Danish objections apparently arise out of fear this constitutes secret agreement. All other govts have accepted this in ltr or minute form as matter of negotiating history, not constituting an agreement.

You might suggest to Danish FonOff that ltr to Emb prior to signing bilateral assuring it that in event of unforeseen developments Govt of Denmark will consult with US Emb with view to making available amounts of Danish kroner in addition to that to be provided under MDA Agreement would be satisfactory. By having ltr transmitted in Copenhagen to US Emb as local matter rather than in Wash, Danish Govt might find its difficulties are overcome.[4]

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[1] Repeated to London as 339, Oslo as 32, and The Hague as 61.

[2] Telegrams 45 and 53 from Copenhagen, not printed.

[3] A letter of this sort, addressed to Harriman, was agreed upon by the Danish Foreign Minister, Gustav Rasmussen, on January 25. The letter is quoted in telegram 55 of that date from Copenhagen, not printed: 759.5 MAP/1–2550.

[4] Rasmussen also followed the Department of State suggestion on this matter (759.5 MAP/1–2550), and the Danish Cabinet approved both actions in its deliberations of January 25 (759.5 MAP/1–2550).

Since these only two issues delaying Danish signature and since only other outstanding issues are with Brit which we hope to have clarified prior to Friday, request you urgently approach Danes to obtain their agreement to above two ltrs.

ACHESON

740.5 MAP/1–2750

Memorandum by the President to the Secretary of State

WASHINGTON, January 27, 1950.

I have today approved, as satisfying the pertinent provisions of the Mutual Defense Assistance Act of 1949, the recommendations for the integrated defense of the North Atlantic area made by the North Atlantic Council and Defense Committee.

HARRY TRUMAN

Editorial Note

President Truman's approval of the recommendations for the integrated defense of the North Atlantic area was accompanied on the same day, January 27, by the signature in Washington of bilateral military assistance agreements with Belgium, Denmark, France, Italy, Luxembourg, the Netherlands, Norway, and the United Kingdom. Also on January 27, the President issued an Executive Order, number 10099, authorizing the Secretary of State to proceed with the Mutual Defense Assistance Program (MDAP) in consultation with the Secretary of Defense and the Administrator for Economic Cooperation.

For text of the accompanying statements by President Truman, Secretary of State Acheson, and Ambassador Wilhelm Munthe de Morgenstierne of Norway on behalf of his seven colleagues, see Department of State *Bulletin*, February 6, 1950, pages 198–199. The MDA agreements with Belgium, Denmark, France and Italy are printed on pages 200–211. The agreements with Luxembourg, Norway, and the United Kingdom are printed in the *Bulletin*, February 13, 1950, pages 247–256, and the agreement with the Netherlands appears in the following issue, February 20, 1950, pages 293–295. The Executive Order mentioned above is printed in the same issue, page 296. The agreements are also printed in *United States Treaties and Other International Agreements* (UST).

740.5 MAP/1–3150 : Telegram

The Chargé in the United Kingdom (Holmes) to the United States Special Representative in Europe (Harriman),[1] at Paris

[Extract]

SECRET PRIORITY LONDON, January 31, 1950—10 p. m.

156. For Harriman from Breithut.[2]

1. PWS NAT DFEC meeting entire day January 31 approved on *ad referendum* basis following priority work projects:

a. "To ascertain the total approximate defense expenditure in the budgets of each North Atlantic Treaty country for the latest periods for which information can be made available from time to time; in this connection consideration should be given at the outset to the question of what categories of expenditure should be included under the heading defense, and to the question of whether some defense expenditures should be segregated as not applicable to the defense of the North Atlantic area."

b. "To ascertain what financial and economic resources can be made available for purposes of military production and mutual assistance in each North Atlantic Treaty country for the defense of the North Atlantic area in the light of (such) information (as may be available) from the military committee and the military production and supply board regarding each country's equipment deficiencies and physical production possibilities, and regarding possible transfers of equipment among the North Atlantic Treaty countries."

c. "To develop formulae and criteria designed to indicate the financial and economic burdens of defense in relation to the capacity of the respective NAT countries to support them."

. . . . . .

Sent Paris 156; repeated Department 556. [Breithut.]

HOLMES

[1] W. Averell Harriman, as Special Representative in Europe for the ECA with headquarters in Paris (OSR), was ECA representative on the European Coordinating Committee (ECC) of the MDAP and served also as U.S. Representative on the North Atlantic Treaty—Defense Financial and Economic Committee (NAT DFEC). For a summary of the organization of the North Atlantic Council, see Department of State *Bulletin*, May 22, 1950, p. 794.

[2] Richard C. Breithut, Senior U.S. Representative on the Permanent Working Staff of the DFEC.

740.5 MAP/2–350

The Acting Secretary of Defense (Early) to the Secretary of State

SECRET WASHINGTON, 3 February 1950.

DEAR MR. SECRETARY: As a result of informal consultation between representatives of the Departments of State, Defense and other in-

terested agencies, I submitted a draft directive to the Joint Chiefs of Staff. I have received their views and certain proposals for modification with which I concur. They are as follows:

a. Studies based on current war plans indicate that the United States, using U.S. ships only, would have a shipping deficit during certain phases of a future emergency. The pooling of allied shipping for the purposes of mobilization and allocation would be to the best interests of our national defense because it would provide machinery for maximum utilization of all available shipping.

b. Considering this reliance upon allied shipping, the Joint Chiefs of Staff feel that the draft directive of the North Atlantic Council dated 14 December 1949,[1] as modified in the Enclosure hereto, properly places the responsibility for international planning for the mobilization and allocation of ocean shipping in an emergency under the North Atlantic Treaty Organization. It is not considered proper that such planning involve the utilization of shipping after allocations have been made. The implementation of this directive should provide for adequate consideration of military requirements since it charges the Shipping Board with the development of a program that effectively supports defense plans.

c. The North Atlantic Treaty Organization, while it does not include representatives of all potential allies in a future war, is, however, a currently effective international organization including the leading maritime nations of the world concerned with planning for an emergency. The necessary coordination and collaboration with friendly countries not now members of the North Atlantic Treaty Organization could be accomplished by the proposed Shipping Board of the North Atlantic Council. It is believed that such collaboration with the Republics of the Americas should be carried out by the United States.

d. It is important that recognition should be taken of preliminary work in the field of international shipping, since the entire matter merits immediate and comprehensive consideration. It is recommended that the principles of procedure formulated by the international group sponsored by the National Security Resources Board and as outlined in their memorandum dated 30 November 1949, and attached to your memorandum,[2] as well as any planning of the two technical working committees recommended by that group, be considered by the Shipping Board when and if it is established by the North Atlantic Council.

I am sending a copy of this letter to the Chairman, National Security Resources Board, and I presume that interdepartmental planning will develop a coordinated government-wide United States position.

Sincerely yours, STEPHEN EARLY

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[1] Not printed.

[2] Neither memorandum identified in Department of State files.

458.119/2–750 : Telegram

The Ambassador in Sweden (Matthews) to the Secretary of State

TOP SECRET STOCKHOLM, February 7, 1950—6 p. m.

167. 1. Swedish application for export license for twenty Bendix ground control radar sets for its armed forces reported memo conversation between Boheman and Labouisse January 12 [1] makes urgent in my opinion clarification of the objectives of our policy toward Sweden. It is firm opinion of all our service attachés in which I fully concur that this is not as Boheman stated "the only important military equipment of any volume which Sweden needs from us". It is regarded in Swedish military and political circles as the vital test case of Sweden's ability to purchase in US much needed electronic and similar modern equipment not available here and will be followed by other applications before long. This radar case therefore assumes in Swedish circles an importance far greater than relatively small dollar value involved: it is the test of how Sweden's position is regarded by the Atlantic Pact powers in general and the US in particular.

2. The basic document on US policy toward Sweden and the rest of Scandinavia is contained in NSC 28/1 dated September 3, 1948.[2] That document was approved after passage of the Vandenberg resolution [3] and prior to conclusion of Atlantic Pact though during the preliminary discussions which resulted therein. The basic conclusion re Sweden is contained in paragraph 10*b* which reads as follows:

"The US should endeavor by all appropriate measures to make perfectly clear to Sweden our dissatisfaction with its apparent failure to discriminate in its own mind and in its future planning between the west and the Soviet Union; to influence Sweden to abandon this attitude of subjective neutrality and look toward eventual alignment with other west powers in such form as may be found collectively acceptable; and at the same time to refrain from forcing Sweden into an attitude which would be unnecessarily provocative toward the Soviet Union."

3. As this is somewhat ambiguous phraseology in the light of subsequent developments, I respectfully request information as to whether it is the policy of the US Government to seek Sweden's eventual adherence to the North Atlantic Treaty or whether we consider it

[1] Memorandum of a conversation in Washington between Erik C. Boheman, Swedish Ambassador in the United States, and Henry R. Labouisse, Director of the Office of British Commonwealth and Northern European Affairs, dated January 12, not printed (458.118/1–1250).

[2] The conclusions of this paper are printed in *Foreign Relations*, 1948, vol. III, pp. 232–234.

[3] *Ibid.*, p. 135.

preferable that Sweden remain outside the Pact while retaining, of course, friendly and as close relations as are possible under Swedish Government's rigid concept of neutrality. I do not wish to imply that in the absence of some outstanding world development there is much likelihood of Sweden adhering to NAT in the near future but if that is our objective the tactics called for are different now than if it is not and they held up in this radar case.

4. If we desire Sweden's adherence to NAT on important policy objectives, I feel strongly that we should refuse radar export application on priority or similar grounds. My views on this matter were set forth in mytel 472, April 14, 1948 6 p. m.[4] supplemented by mytel 500, April 21, 6 p. m.[5] As I have many times reported if Sweden feels that she is in effect covered—as far as an isolated attack against her is concerned—by the Atlantic Pact and if she can obtain all the benefits of that Pact (other than free military equipment) without what she regards rightly or wrongly as the risks of membership therein, Sweden will follow neutrality policy without evolving toward any closer military association with the west. Both the Prime Minister and Foreign Minister have made it clear that even technical talks with Norway and Denmark are out in view of the risk to Sweden's neutrality. The radar case will be the test.

5. On other hand, if in the light of the world situation, both political and strategic, our government considers it preferable for Sweden to maintain its neutrality status, I believe that the radar license should be granted. The radar will help fill a gap in Sweden's defense and as the Norwegians and Danes unquestionably feel give the advantage of early warning of approach of Soviet planes across the Baltic. (The radar could, of course, be used against us in the case of overflights of American planes if the Swedish Government should wish to hinder such overflights to protect Swedish neutrality.) It is also in our interest if we desire the maintenance of Swedish neutrality that Sweden's defense should be as strong as possible (without however kidding ourselves that it will constitute the deterrent to Soviet attack that the Swedes like to think and like even more to proclaim).

6. Related to this question of Swedish defense is the important problem which will soon arise I presume in pertinent bodies of NAT as to how much intelligence exchange may be carried on between Sweden and NAT members especially Norway and Denmark and how much information the latter may convey to Swedes concerning NAT strategic and tactical plans—a further reason for clarifying now our objective with regard to Sweden.

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[4] Not printed.
[5] *Foreign Relations*, 1948, vol. III, p. 97.

7. There is one other factor which our government should consider and which might modify my recommendation that the license be granted if we want a neutral Sweden and that concerns our control objectives on east-west trade.[6] As Department is well aware Swedish position on such controls while possibly showing some slight improvement is far from satisfactory and our leverage to obtain better results seems very small. With the Department soon assuming responsibility in the field of east-west trade controls I should point out that the withholding of the radar license, pending some further assurances from Sweden that it does not intend to obstruct west military objectives by strengthening the USSR military potential, might be more effective than any other step. While I cannot judge from here the importance of various types of ball bearings for instance the Department will have noted that Sweden has increased its trade agreement commitments on ball bearings to the east well above those of 1948. In this connection please see mytel 92, January 24, 6 p. m., 1949 and mytel 933, September 19, 5 p. m., 1949,[7] the latter concerning certain lathes for SKF.[8] Commerce subsequently approved these licenses and in the opinion of both ECA and Embassy the effect was immediately to lessen Swedish cooperation in 1A and 1B list problems.

In conclusion I emphasize again importance of deciding whether or not we wish Sweden in the Atlantic Pact and of amending the somewhat obsolete NSC 28/1.

Sent Department; repeated London 26 for Bonesteel; [9] Department pass to Army, Navy, Air.

MATTHEWS

[6] For further documentation on this subject, see vol. I, pp. 688 ff.
[7] Neither printed.
[8] Svenska Kullagerfabriken Aktiebolaget, a major Swedish ball and roller bearing corporation with holdings in a number of countries.
[9] Lt. Col. Charles H. Bonesteel 3d, Executive Director of the European Coordinating Committee, MDAP.

740.5/2–1350

Letter by the Assistant to the Secretary of Defense (Burns) to the Assistant Secretary of State for European Affairs (Perkins)

TOP SECRET WASHINGTON, February 13, 1950.

DEAR MR. PERKINS: As you know, there have been indications from Ambassador David Bruce in Paris, and from Mr. Bohlen on his recent visit to the United States, that M. Pleven, French Minister of Defense, is very much concerned that the Americans, Canadians, and British

cannot divulge to the French details on our latest weapons or standardization. M. Pleven has even gone so far as to indicate that he may be forced to go ahead developing prototypes of weapons which may have been better perfected elsewhere. Since he is very anxious to achieve a degree of standardization and tends to believe that French money may be wasted unless assistance is given him, we are of the opinion that M. Pleven should be aided in this matter. The Secretary of Defense wishes me to suggest that you enlist the good offices of Ambassador Bruce to approach M. Pleven along the following lines:

[Here follows a statement that Bruce was later requested to convey orally to Pleven after presenting him with the letter referred to below. For text of oral presentation and letter, see telegram 885 to Paris, March 2, page 27.]

If you concur in this proposal I wish that you would give your assent to the enclosed draft letter which the Secretary of Defense would transmit directly to M. Pleven in order to assure him of his personal interest in this matter. It is our intention to inform the British and the Canadians of the action we are taking.

J. H. Burns

740.5 MAP/2–1650: Circular telegram

The Secretary of State to Certain Diplomatic Offices[1]

CONFIDENTIAL Washington, February 16, 1950—9 a. m.

This is State–Defense message. Secy of Defense Johnson as Chairman North Atlantic Defense Comite has sent ltr today to all North Atlantic Defense Ministers outlining need for review by Defense Comite of initial phase NAT planning. Also mentioned US desire for early meetings Defense Comite, Mil Comite and MPSB in view legislative programs from which US mutual assistance must flow. Consequently suggested Mar 31 for mtg Defense Comite, Mar 27 for Mil Comite, Mar 22 for MPSB, at place (preferably same for all three) to be determined. Requested views on dates and place.

Pls informally notify Defense Minister or other appropriate official he may expect ltr along these lines. Since ltr may be slow in arriving request you endeavor obtain informally and report soonest any reaction above suggestions.

You shld stress fact that dates suggested are latest possible if we are to be in position justify MDAP for FY51 to Congress and are earliest possible for review of plans which now under way.

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[1] Sent to the Missions in the other 11 nations of the North Atlantic Pact.

Washington NAT country missions informally being handed copy of Secy Johnson's ltr.

FYI Ital govt has extended invitation for Defense Comite to meet in Rome. Also Hague and Lisbon mentioned but no formal invitations recd. Cautious handling above required so as avoid leak to press before arrangements finalized.

We are exploring possibility DFEC mtg in conjunction with mtgs proposed above.

ACHESON

458.119/2–750 : Telegram

The Secretary of State to the Embassy in Sweden

TOP SECRET WASHINGTON, February 16, 1950—1 p. m.

96. Dept agrees review of NSC 28/1 desirable. Fol is current trend of Dept thinking on points raised in urtel 167, Feb 7, 6 p. m.

Shld Swed apply for admission into NAT we wld be favorably disposed provided other members agreed and provided such action had wide support within Swed. We do not now seek such application and barring some unforeseen development wld not expect to do so for at least several years. This position is based not only on lack of popular support in Swed for participation but also on such factors as our inability at this time to meet probable Swed demands for concrete steps to insure its security, possible effect on Sov policy toward Finland etc. This policy might of course be changed at any time by some such development as a Sov move against Fin (urtel 167).

We do, however, continue to desire that Swed move away from her attitude of neutrality and believe there is considerable scope for this without arriving at point where Swed wld be prepared for Pact membership. Continuation of our present policy of according priority on mil aid to Pact members and other countries that are clearly committed to opposing Sov expansion shld contribute to this end. We also believe there are advantages to Pact membership other than free mil equipment, such as participation in strategic planning, access to classified mil info and equipment, Govt procurement etc., which in addition to security provisions of Pact itself shld affect Swed opinion. We recognize that material change in Swed's subjective neutrality attitude is long range goal and do not therefore attach same importance as you appear to do to current decisions on mil supplies. Difference wld appear to be one of timing and degree since we do not wish to force Swed decision.

With respect to radar application, approval wld probably involve approval of at least some of pending and possibly subsequent appli-

cations for airborne equipment to provide a balanced radar system. We also agree despite Boheman's statement, requests for other military equipment are likely to follow. Without USGovt procurement, however, it appears unlikely Swed can obtain much important mil equipment under our current policy of letting Swed go "to the end of the line".

We are inclined to weigh heavily fact Norway desires radar net in Swed for defense of Nor regardless of accuracy of Nor estimate of its importance. Our understanding is that equipment covered by present application involves no problem of release of classified material, and so far as we are aware is not desired by NAT members. If so, withholding license wld clearly be act of pressure with adverse consequences in Nor and Den and possible exploitation by Sov propaganda. We are therefore inclined to approve present application.

Foregoing which has not been discussed with Defense nor fully cleared within Dept intended to give you opportunity for any further comments you may care to make.

ACHESON

740.5 MAP/2–1650 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET LONDON, February 16, 1950—4 p. m.

898. ToMAP. For FMASC from ECC.

A. As result February 15 meeting, ECC recommends, without endorsing French jeep project, adoption principles suggested Embtel 555 January 31.[1] Paragraph 1 reftel recommended screening AMP projects be performed with realization in mind implementation FY 50 program requires action short of ideal of standardization, integration, mutual aid, transfers, etc. Paragraph 2 reftel recommended authorization machine tools not be considered principally as means establish use in Europe of US designs.

B. ECC suggests principles reftel be augmented as follows:

1. Basic objective of filling maximum of enormous NAT deficiencies remaining after US end item programs dictates maximum use not only of appropriated FY 50 AMP funds, but of budgetary funds, man power and facilities currently available in many European NAT countries, consistent with economic recovery.

2. NAT development of standardization, integrated production and adequate transfer formula will be evolutionary over period of years.

[1] Not printed.

3. US processing of many AMP projects can be rapid if review limited to that sufficient assure US fundamental soundness proposed production plans, that items proposed fill high priority NAT deficiencies and that aid requested is reasonably well justified. To this end reviewing agencies, all levels, should make reasonable judgments based on assumption country proposing project is capable of carrying it out unless information to contrary is known or is indicated during development or review of project statements and US questioning related thereto. For most projects percent US aid to total costs is small and more can be accomplished through encouraging expanded European military production by demanding minimum minute detail and conducting minimum plant inspections consistent with the above. Also validity requests for US aid should normally be based on information readily available to US agencies.

4. Believe FMACC can adequately carry out its responsibilities if it accepts to maximum the work and views of the field on project statements, limiting Washington review primarily to general determination of desirability of projects, validity of US aid requested and capability US provide such aid.

Sent Department 898; repeated Paris 258, for OSR, Frankfort unnumbered, Heidelberg 30 for Handy,[2] pouched Rome, Olso, Copenhagen, Brussels, The Hague.

HOLMES

[2] Gen. Thomas T. Handy, Commander in Chief of U.S. Forces in Europe (CINCEUR) and U.S. Senior Military Representative for MDAP in Europe.

740.5 MAP/2–1750 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

TOP SECRET LONDON, February 17, 1950—1 p. m.

933. For FMASC from ECC. ToMAP. ECC concerned over first signs of a diminution in the strength of conviction of European public, including some thoughtful and influential persons in public and private life, of the essential rightness of NAT concept of the importance of proceeding resolutely not only with combined NAT defense planning but also with the concrete political and budgetary steps necessary to vivify the NAT concept.

Flagging enthusiasm or renewed doubts apparent in some genuinely friendly non-Communist circles. Editorials in a few respected newspapers evince confusion mingled with misgiving stemming from doubts, in face of Soviet strength as to practicability and benefit to Europe of NAT defense arrangements. Development of above indicated tendencies could lead to resurgence of the neutrality complex in West Europe and, taking account such unsettling events as an-

nouncement of H-bomb, Soviet successes in Far East, McMahon proposal,[1] Churchill proposal[2] for talks with Stalin, et cetera, could weaken the will to build Western solidarity and strength. All this aggravated by aggressive Communist propaganda aimed at NAT and MDAP which constantly encourages any existing doubts.

No evidence perceived that any NAT government is wavering in its support of NAT. However, significant decline public enthusiasm would remove stimulus to governments to take specific measures in furtherance NAT objectives, and possibly increase difficulty obtaining parliamentary approval of measures requiring strong popular support.

Without offering specific remedies this situation, ECC believes problem is worthy of your[3] immediate and careful study with object of determining considered public information measures and other action, including, but not limited to, amplification VOA, greater emphasis on political activity by Council NAT and perhaps UN and other political bodies, review of total NAT organization to make it politically more effective, et cetera. Such steps should aim at bringing about renewed European appreciation of wisdom and benefits of NAT and generating resurgence European zeal for creating the necessary solidarity and improving the military posture of the Atlantic community.[4]

This telegram has been approved by Holmes and approved in principle though not seen by Harriman and [Handy?].

Sent Department 933; repeated Paris 169 for OSR, Frankfort 70; HICOG Frankfort pass Heidelberg for Handy as London's 35.

HOLMES

[1] A proposal for a 4-year, worldwide Marshall Plan in return for agreement on control of atomic energy. The proposal was made in a speech by Senator Brien McMahon in the U.S. Senate on February 2, 1950.

[2] A proposal by Winston Churchill in a speech at Edinburgh, February 14, 1950. An extract of the speech, containing the proposal, is in *Documents on International Affairs, 1949–1950*, Margaret Carlyle, ed. (London, Oxford University Press, 1953), pp. 55–56.

[3] On February 20, in a circular telegram, not printed, to the Missions at Brussels, Copenhagen, The Hague, Lisbon, Moscow, Oslo, and Rome, Acheson summarized the concerns expressed by the ECC in this message and the Committee's suggestion that the problem be given careful study, (700.00(s)/2–2050)

[4] In a memorandum dated February 24, not printed, Hans Schoenfeld of MDAP informed Edwin Martin that the FMACC discussed telegram 933 in its meeting of February 23 and wished to know whether the opinion expressed in this telegram was shared by the Chiefs of Mission in other NATO-member countries. Schoenfeld added that Harriman, then in Washington, felt there was a possible trend in the direction noted in the telegram (740.5 MAP/2–2450).

758.5/2–2150 : Telegram

The Ambassador in Sweden (Matthews) to the Secretary of State

TOP SECRET STOCKHOLM, February 21, 1950—3 p. m.

233. I am grateful for the information contained in Deptel 96, February 16, 1 p. m., on Department's current trend of thinking on

our objectives regarding Sweden and appreciate the opportunity to comment thereon. I do so with some hesitancy since I am naturally not in a position to see more than this small corner of the whole picture. I am glad Department concurs in desirability review of NSC 28/1.

I concur fully in Department's estimate of lack of popular support in Sweden for participation in NAT at this time but note that in weighing question Department refers to our "inability at this time to meet probable Swedish demands for concrete steps to insure its security". Does this imply that we can meet successfully Norwegian and Danish demands? Does the Department refer to tangible military aid and planning in time of peace or to the far greater security factor of presumed American military support in case of Soviet aggression?

I note Department's desire that Sweden "move away from her attitude of neutrality" and belief "there is considerable scope for this without arriving at point where Sweden would be prepared for pact membership". In one sense this seems to me ambiguous and not entirely fair to Sweden. A gradual abandonment of neutrality by Sweden means taking sides with the West and opposing to a certain degree Soviet expansion or strategic strengthening (East-West trade controls). Can Sweden be expected to do this without the security afforded by membership in a group capable of opposing such expansion such as the Atlantic Pact nations, particularly the US?

In second full paragraph Deptel 96, Department mentions as advantages of pact membership "participation in strategic planning" and "access to classified military information". This raises an important aspect of relationship between pact members and non-members as applied to Norway and Denmark vis-à-vis Sweden. I do not know whether this problem has yet been considered by any NAT organization. One thing is certain, however, the Swedes will make every possible endeavor through every possible channel to obtain all information available to pact members. I am extremely skeptical that any NAT body could successfully prevent Norwegians and Danes from making such information available to Sweden privately in event withholding thereof is decided upon. This is particularly true in view of the importance Norway attaches to Swedish defenses which I will mention below.

I certainly agree that change in Swedish neutrality is a long-range rather than immediate line but in granting radar license now we encourage Sweden to believe, as it anxiously hopes, that it can obtain the benefits of security without the obligations of the pact, thus making the goal ever more distant. I certainly fully concur that "we do not wish to force Swedish decision" but I am not sure that we should encourage the present false sense of security which only

strengthens the hand of Swedish neutrality advocates. In a sense granting the radar license implies a certain confirmatory confidence on our part in Sweden's greatly exaggerated belief in her own strength and ability to maintain her neutrality by providing a major means for her to feel more secure even though she will not be. (I have often emphasized the extraordinary Swedish over-estimate of their own military strength and under-estimate of that of USSR, which many Swedes still regard as that of Finn winter war.)

While I am in no position to judge, I question, given America's great productive capacity, that letting Sweden go "to other end of the line" and do without US Government procurement will in effect materially prevent Sweden from obtaining such future equipment as she may seek.

With reference to Norway's desire to improve Sweden's defense net I fear that we may run a risk of fostering a false sense of security in Norway by encouraging Norway to believe that Swedish defense (*a*) is stronger than it is in fact and (*b*) that it will be utilized on Norway's behalf if war comes. As set forth in mytel 762 August 2, 1949,[1] I do not believe that Sweden as long as it maintains its neutrality policy will ever voluntarily come to Norwegian or Danish defense in the event of war provided any possible means of avoiding, or holding the illusion of avoiding, full Soviet occupation or obstruction of Sweden remains. Should not Norway be encouraged to abandon any illusions in this regard and to look to the West for her security?

Since equipment covered by present application involves no release of classified material and is not desired by other NAT members, I agree withholding of license might be regarded as act of pressure with possible adverse consequences. If the license is granted, however, I am confident that Swedes will make every effort to utilize the decision as means of convincing Norway and Denmark that advantages of pact accrue to non-members as well as to members. While even pro-neutrality Swedes concede added security afforded Sweden by existence of NAT they have never abandoned their anxiety and belief that Norwegian and Danish membership therein brings war closer to Scandinavia. If Swedish Government saw any possibility of persuading Danes and Norwegians to withdraw from pact, it would leave no stone unturned to accomplish this. I think, therefore, if license is granted reasons should be carefully explained to other pact members.

One last point. I note Department makes no reference to numbered paragraph 7, mytel 167.[2] I assume from this that larger considerations involved in radar license outweigh the leverage we might obtain in

[1] Not printed.
[2] Dated February 7, p. 15.

securing greater Swedish cooperation in controlling 1–A and 1–B list shipments to the East. If such control is important I must repeat, however, we are relinquishing one of the few real cards we hold.

MATTHEWS

740.5 MAP/2–2550 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET LONDON, February 25, 1950—2 p. m.

1087. ToMAP. Subject is preparation AMP program FY 51 for presentation to Congress.

1. Per instructions from Washington and in view great urgency involved, US delegates PWS NAT MPSB and DFEC with assistance ECC staff are proceeding on coordinated plan to obtain necessary information from Title I countries [1] for formulation FY 51 AMP congressional justification.

2. FMACC concept AMP for future entails each country taking military production budget of calendar year 48 or most closely corresponding FY of country as base for evaluation "normal production". AMP which can be supported with dollar aid will correspond to that amount of estimated military production budget covering US FY 52 which is in excess of this 1948 base.

3. For your information only. Our present understanding of FMACC intent is that US dollar aid can be given to any country AMP project meeting certain criteria provided total cost of all projects to be aided does not exceed estimated amount "additional" production budget. This would mean projects aided need not necessarily be new projects but can include continuation of existing high priority military production. This not finalized and should not be communicated to governments.

4. On basis that budgetary limitations rather than countries physical capacities will again be controlling factor AMP programs FY 52, Breithut (U.S. representative) has requested country delegates PWS DFEC to provide information on military production budgets on both obligations and expenditures basis for 48 (or most closely corresponding FY) and each subsequent year including a best estimate (not commitment covering US FY 52). Amount by which estimated effort US FY 52 exceeds amount military production budget in base year will determine estimated total value AMP projects eligible for MDAP assistance.

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[1] Member nations of the North Atlantic Pact, receiving assistance under the MDAP.

5. Delegates PWS DFEC requested provide above information, part by March 2 and remainder March 15, in order prepare for DFEC ministerial meeting late March. Governments have been asked to furnish same budgetary information to Embassy Special Assistants MDAP as is furnished PWS DFEC. Embassies should comment to ECC staff soonest after receipt this information to cover accuracy past data and validity future estimates, particularly as related to non-jeopardy economic viability, US coordination with ECA Missions re these comments is important.

6. General Hayes [2] has requested Title I countries delegates PWS MPSB to provide by March 10, production information concerning AMP projects tentatively planned for US FY 52 in preparation meeting top supply board late March. This information insofar as feasible in short time available for preparation to show items, quantities and values in dollars in estimated country program with dollar aid requirements broken down if possible into machine tools, raw materials and services (with equipment other than machine tools also shown but listed separately in hope new legislation can cover); also items and quantities which might be available for transfer other MDAP countries.

7. Hayes has also asked governments provide Embassy MDAP Special Assistant with the production information as forwarded PWS MPSB. MDAP sections comment to ECC staff on this information also requested soonest after its receipt. These comments should cover in general way physical capability of country to carry out projects and apparent validity US aid envisaged.

8. Time schedule involved as well as difficulty planning projected AMP projects under this new definition of "additional" production makes it unlikely country submissions will be complete and in full detail. However, hoped they will provide sufficient basis for indication to Congress of intent Title I countries continue or expand military production over present and an indication of type of projects which would be expected to require dollar aid and size of this aid. Information from countries being obtained through NAT organs on Washington decision to avoid bilateral approach and obtain maximum NAT sanction of data. If any specific actions are required of Embassy MDAP sections before they receive submissions from country governments, these will be subject further cables.

9. If desired an ECC staff member will be prepared visit each Embassy in near future to explain in further detail above procedure

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[2] Maj. Gen. Thomas J. Hayes, Chairman and Senior U.S. Representative on the Permanent Working Staff of the NAT Military Production and Supply Board (NAT–MPSB–PWS).

and go over with MDAP section Embassy comments desired on country submissions.

10. Comments on all of above procedure requested.[3]

Sent Paris 310 for Embassy and OSR, Brussels 51, Hague 43, Copenhagen 39, Oslo 42, Rome 95, Frankfort 80, Frankfort pass to Heidelberg for Handy as London's 43. Brussels pass Luxembourg.

HOLMES

[3] In telegram 998 to London, March 14, not printed, the FMACC commented at length on the coordinated plan presented in telegram 1087. For the most part, the FMACC approved the plan of action and commended those who had developed it. Telegram 998 is in Department of State file 740.5 MAP/3–450.

751.5/3–250 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET WASHINGTON, March 2, 1950—5 p. m.

885. This is State–Defense msg. Request you see Pleven and hand him fol personal msg from Sec Johnson. *Begin verbatim text.*

My dear Mr. Minister: I appreciate the splendid and heartening efforts that you are making to increase the efficiency of the Fr armament programs. There can be no doubt that any increase in armament production wld not be really significant if it lacked the latest technical knowledge. I know that you fully realize that every nation, through research and development programs, is likely to solve problems and techniques that wld be profitable to associated countries and that an exchange of info between us may be of great benefit. Where national security interests are involved these exchanges necessarily proceed slowly—not from lack of intent, but because of the circumstances of various national laws and procedures. I hope, and I am sure you share the hope, that the manifest spirit of cooperation in the North Atlantic Treaty Org will provide a basis for coping with this problem.

Meanwhile, I shld like to offer to you such technical assistance as the US Mil Depts are empowered to make available to your country. Accordingly, I suggest that you make specific requests of the US for technical info pending such time as more comprehensive arrangements are made. The Dept of Defense has effected an arrangement whereby requests for US mil info delivered to our Gen Kibler,[1] Joint Amer Mil Advisory Group, in London, will be transmitted back to the US for consideration by a technical group of experts. If this technical group can, under existing laws and regs, release info we shall do so promptly in order that you may immed benefit from it.

We have been greatly impressed and encouraged by the spirit of cooperation and endeavor that the Fr Gov, and yourself, have displayed in strenuously attacking the crucial problem of creating an effective defense under the North Atlantic Treaty.

[1] Maj. Gen. A. Franklin Kibler, Director of the JAMAG.

With kind personal regards, I am, Sincerely yours, Louis Johnson. *End Text.*

In interview with Pleven you shld inform him further along fol lines. Problem of exchanging mil info for purpose harmonizing or standardizing on weapons and doctrines in North Atlantic Treaty Org is recognized by US as of vital importance. Although some time will pass before satisfactory arrangements have been evolved for dealing with this question on NATO basis, it is to be hoped that mutual cooperation which is growing day by day in NATO will enable us to proceed with solving problem.

We are pleased report that US and United Kingdom have recently adopted identical policies that permit disclosure of technical info hitherto unreleasable to third nations because it was combined in such a way as to be the sole property of neither US nor United Kingdom.

Under existing circumstances best course of action insofar as US info concerned is for Mr. Pleven continue submit Fr requests for details with respect specific US items or US fields development through Gen Kibler, Joint Amer Mil Advisory Group in Europe. Although no commitment can be made now that all such requests will receive favorable action, a special provision has been made for handling such requests. You may assure Mr. Pleven we are giving and will continue give serious and urgent consideration requests recd through this channel.

Letter quoted above being sent Emb air pouch.

ACHESON

740.5/3–1050 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

RESTRICTED WASHINGTON, March 10, 1950—10 a. m.

Inform Def Min Secy Johnson issuing fol announcement for release at 6 a. m. EST Mar 11 :

"NORTH ATLANTIC TREATY COMITES TO MEET IN THE NETH

The third mtg of the North Atlantic Treaty Def Comite will be held in The Hague on Apr 1, 1950, with the Neth Govt acting as host to the eleven other Treaty members, Secy of Def Louis Johnson, Comite Chairman, announced today.

The mtg of the twelve North Atlantic Defense Mins has been called so that the Def Comite may review the accomplishments of North Atlantic Treaty planning. At the last Def Comite mtg in Paris,

[1] Sent to the other member nations of NATO, except the Netherlands.

1 Dec 1949, a common basis of agreement for collective security was approved, covering the integrated def of the North Atlantic Treaty area.

Two other important mtgs will also be held this month in The Hague on North Atlantic Treaty matters. Gen Omar Bradley, Chairman of the Joint Chiefs of Staff, has called a mtg of the NAT Mil Comite for 28 Mar.[2] This Comite, composed of one top mil rep from each country, will consider the results of the efforts of the five Regional Planning Groups as reviewed and further developed by the Standing Group of the Mil Comite. The Standing Group has permanent and continuous hdqs in Washington under the chairmanship of Lt. Gen. Willis D. Crittenberger, deputy to Gen Bradley.

On 24 Mar the Mil Production and Supply Board of the NATO will also meet in The Hague, under the chairmanship of Hubert E. Howard, Chairman of the Munitions Board. Mr. Howard was recently named U.S. Rep to the Mil Production and Supply Board. The chairmanship of this Board, as well as the Mil Comite and the Def Comite, were assigned to U.S. reps for the first year of the Treaty, and will be held in turn by reps of the other Treaty powers."

ACHESON

[2] Gen. Omar N. Bradley was also Chairman of the NAT Military Committee.

756.5/3–1050 : Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

CONFIDENTIAL THE HAGUE, March 10, 1950—4 p. m.

289. Hunter [1] and I called on Stikker [2] this morning congratulate him excellent impression he made in US.[3] We found him somewhat tired but outwardly optimistic—an impression he had managed to convey my French colleague whom I met coming out. Actually Stikker stated he was very much concerned about general situation. He felt world political situation gradually deteriorating and that insufficient progress being made counterbalance this deterioration by fostering sense of unity in west. Specifically, he referred absence of understanding availiability funds and organization for the common defense. Financial budgets are prepared national lines with maximum allowances for defense considering all other internal demands and obvious necessity for achieving individual economic and monetary stability.

[1] Clarence E. Hunter, Chief, ECA Mission in the Netherlands.

[2] Dirk U. Stikker, Netherlands Foreign Minister and representative on the OEEC.

[3] Stikker, in his newly created position of "political conciliator" in the OEEC, had recently visited Washington. For documentation on his conversation with Acheson on March 1 and on the nature of his position with the OEEC, see pp. 634 ff.

It is all very well for defense chiefs determine military plans but if these disapproved Finance Ministers on individual basis rather than adjusting budget allotments to part each country to play military field, little or no progress could be made. He, therefore, thought it imperative particularly in view prospect of West Union meeting some time after middle April, to hold meeting North Atlantic Council early April since he stated only Ministers Foreign Affairs, with backing their respective cabinets could make final decision as to allotment of defense roles in collective western community. He had accordingly cabled this suggestion Van Kleffens [4] yesterday but wished to expand it to me for transmission my government. Stikker stated he felt such meeting should be held Paris or preferably London certainly not in Hague [apparent omission] Foreign Defense meetings.

Stikker expects leave for Paris shortly and will follow that with brief visit London and Brussels.

Sent Department 289; repeated Paris 72 for Harriman and Embassy, London 69.

CHAPIN

[4] Eelco Nicholas van Kleffens, Netherlands Ambassador in the United States.

700.00(S)/3–1350: Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, March 13, 1950—5 a. m.

Infotel. Emb Brussels reports [2] that Belgian Premier Eyskens has expressed view that western Germany should be rearmed and that no further time should be wasted in dallying with situation. He said it is absurd to think of present day Germany as source of aggressive action against western powers and that while he has no affection for Germans, western Germany must be used as bulwark against only visible danger, i.e. USSR. He observed that without German participation defense of western Europe is impossible and that armed German force would provide at least partial solution for German unemployment problem. While Eyskens made it clear that this was his personal view and not Belgian govt view, Murphy [3] believes it represents private opinion of other leading Belgians.

ACHESON

[1] Sent to Copenhagen, The Hague, Moscow, Oslo, and Stockholm.
[2] Telegram 374, March 10, not printed.
[3] Robert D. Murphy, U.S. Ambassador in Belgium.

740.5/3–1350

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] March 13, 1950.

Ambassador Bonnet [1] called today at his request. He said that he had just returned from a ten-day consultation period in Paris during which he had talked at length with Mr. Schuman,[2] Mr. Pleven, and other members of the French Government and that Mr. Schuman had asked him to make certain views known to me.

[Here follows a paragraph on the subject of military and economic aid to Indochina. For documentation on this matter, see volume VI, pages 690 ff.]

Regarding tripartite conversations I said that we had tentatively set May 8 as a date for the meeting of the NAT Council which we expected to be held in London, since several meetings had already been held in Paris. On this occasion it would probably be possible for the three Ministers to meet and discuss matters of common interest, preferably after the meeting of the NAT, in order not to create the impression that the French, the UK and ourselves might be conferring prior to the meeting. Mr. Bonnet replied that Mr. Schuman would undoubtedly be agreeable to the timing of the meeting and its being held in London.

[Here follows the remainder of the memorandum which covers French-British relations, Far East matters, and the economic recovery in France.]

[1] Henri Bonnet, French Ambassador in the United States.
[2] Robert Schuman, French Minister of Foreign Affairs.

740.5 MAP/3–2350 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, March 23, 1950—2 a. m.

ToMAP. Since dates when survey teams prepared, in consultation with country reps, end item lists for country programs, considerable refinement and modification has resulted from proposed changes by recipient country and from studies as to availability and procurement rates. Latest country program as approved by Dept being forwarded by Dept Def to MAAG sections in each recipient country. This country program, as approved by Dept, to be made avail to Amb and Spec Asst.

[1] Sent for action to Brussels, Copenhagen, London, Luxembourg, Oslo, Paris, Rome, and The Hague.

Dept Def will issue instrs to chiefs MAAG re method of preparing list of equip in Dept approved country programs. It is necessary secure acceptance by recipient gov of changed items on list as being desirable and suitable its needs to serve as valid basis for prompt institution of procurement and rehabilitation such items. Dept hopes Emb will obtain prompt agreement of govt to these lists. Accordingly, on occasion presentation of revised list to recipient gov, Embs will obtain undertaking in substantially fol language from appropriate official recipient gov:

"I ack receipt on behalf my Govt of revised list of equip, materials and supplies dated ———— 1950 covering items which Govt of US proposes to trans to my Govt under US MDAP. This list has been submitted to my Govt for purpose of receiving its approval in connection with changes, deletions and substitutions made as result previous discussions between our two Govts. New list has been examined and my Govt requests trans all items listed thereon. All these items believed suitable to needs of armed forces my Govt. It is recognized, of course, that US is not obligated to and may not be able to furnish any of items referred to."

Embs will forward orig of above doc after sig by recipient country to Dept together with copy of equip list presented for approval.

Cleared Defense–ECA.

ACHESON

740.5/3–2350 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET WASHINGTON, March 23, 1950—7 p. m.

1313. Bonesteel from Martin. Dept considering in preliminary fashion various ways to achieve related objectives of (1) greater integration of Ger into Western Eur and (2) lessened dependence of NAT mil strength on US financial and industrial resources.

In this connection it wld be useful if you cld prepare factual statement of extent to which equipment deficiencies of Eur NAT countries, which cannot be met by them because they do not possess the necessary industrial capacity without diversions from civilian production which would jeopardize economic recovery, cld be met by use of available industrial capacity in Western Ger without violating existing security prohibitions.

Such inquiry believed useful before getting too involved in polit and finan problems of project. It wld of course have to be conducted with the greatest discretion. It is assumed you wld want to consult with selected people in JAMAG, OSR, and office of HICOG. Suggest

latter be contacted informally thru Gerhardt.[1] Byroade[2] writing him letter on project. Otherwise presume you can make your own arrangements.

Realize this may be large order and other high priority work in hand. Wld not expect definitive reply for several months. However preliminary indication as to whether contribution of Western Ger industry may really prove significant wld be useful prior Apr 15. [Martin.]

ACHESON

[1] Lt. Col. Harrison Gerhardt, Special Assistant to the High Commissioner for Germany.
[2] Henry A. Byroade, Director, Bureau of German Affairs.

740.5/3–2450

Communiqué of the Military Production and Supply Board [1]

THE HAGUE, March 24, 1950.

The Military Production and Supply Board of the North Atlantic Treaty Organization held its second meeting on the 24th of March in The Hague under the chairmanship of Mr. Hubert E. Howard, head of the United States delegation. The main purpose of the conference was to consider proposals worked out in order to arrive at an integrated and coordinated production of military equipment and supplies by the signatory countries of the treaty. The Military Production and Supply Board noted with approval the progress made toward a coordinated production program designed to provide for the maximum possible flow of military equipment to the armed forces of the powers of the North Atlantic Pact. The permanent working staff is located in London with representation from the member nations on full time duty there. Considering the short period of time covering a span of only four months encouraging progress had been achieved in laying the groundwork for effective operation of this vital production and supply activity. The board also considered such problems of common interest as standardization and reviewed the position with regard to liaison with the military and financial sides of the North Atlantic Treaty Organization. In addition to reviewing progress since the first meeting on the 1st of November the board laid down the prob-

[1] Transmitted to the Secretary of State as an unnumbered, unsigned telegram from The Hague dated March 24. The last portion of this communiqué, listing the country representatives participating in the meeting and expressing thanks for the hospitality and many courtesies extended by the Netherlands Government, has been omitted.

lem areas to which the permanent working staff should address its attention and efforts during the coming months.

. . . . . .

700.00(S)/3–2750 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, March 27, 1950—2 a. m.

Infotel. At Ambassadors' meeting in Rome last week [2] it was agreed that anti-Communist activities should be developed on expanded scale and that vigorous propaganda offensive should be launched to deprive USSR of initiative gained through its "peace" campaign. It was also agreed: 1) that as matter of urgency US inter-departmental planning group should determine requirements necessary for establishing adequate military position for North Atlantic area; 2) that at its next meeting North Atlantic Council should consider establishment strong high level means of direction within Atlantic Pact as focus of decision and coordination of political, economic and military policy of participating countries; 3) that there should be clarification of relationship between US and UK throughout world; 4) that serious thought should be given to immediate employment of German capacity to contribute to European defense by furnishing materials and supplies; 5) that study should be made of over-all world trade patterns with view to maximizing their value to west and minimizing their usefulness to USSR; 6) that preservation Southeast Asia from Communism should be cardinal point of our foreign policy and that all feasible steps should be taken to hold that area; 7) that attention should be given to problem of over-population in Europe; 8) that our policy throughout western Germany should be implemented at increased pace perhaps with more emphasis on countering Sov infiltration and propaganda; 9) that vigorous and immediate efforts must be made Berlin including all practical steps to relieve pressing econ situation in city; 10) that policy of non-recognition of eastern zone German govt by nations of western Europe should be rigidly maintained; and 11) that next meeting of Ambassadors should be in Berlin, probably in July.[3]

ACHESON

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[1] Sent to Brussels, Copenhagen, The Hague, Oslo, Stockholm, and Vienna.

[2] For documentation, see pp. 795 ff.

[3] The meeting scheduled for July was canceled after many weeks of preparation, primarily because of the heavy workloads and conflicting schedules of the principal participants.

740.5/3-2850 : Telegram

Communiqué of the Military Committee of the North Atlantic Treaty Organization [1]

THE HAGUE, March 28, 1950.

The Military Committee of the North Atlantic Treaty Organization met in The Hague (Netherlands) on March 28, 1950, to review the progress of plans for the integrated defense of the North Atlantic Treaty area. Planning has been progressing rapidly and continuously in the five regional planning groups since the general concept for defense was approved by the Defense Ministers Committee meeting in Paris last December.

The Military Committee at its Hague meetings unanimously agreed on an integrated defense plan for the defense of the North Atlantic Treaty area. This plan which will be submitted to the Defense Ministers at their meeting on 1 April, has been developed from the regional plans by the standing group, which is in permanent session in Washington and acts on behalf of the Military Committee.

This plan is based on the agreed strategic concept of the North Atlantic Pact countries: It emphasizes the responsibilities assumed by each nation to participate, with the maximum forces it can provide, in assuring the continued security of the territories covered by the North Atlantic Organization. It emphasizes also the principle of a harmonization and integration of national efforts to set up a collective defense organization to maintain and defend the North Atlantic area against aggression. The Chiefs of Staff examined the special potentialities of each country and they took into account the importance of such abilities while drawing up the general plan. The necessary close coordination of the work of the Military Committee with that of the other NATO agencies concerned with the financial, economic and supply implications of the plan being affected. Members of the Military Committee unanimously agreed that planning had progressed more rapidly than had been expected due in large measure to the outstanding work of each of the five regional planning groups. The Military Committee also considered details of organization and planning which have resulted from recommendations from the regional planning groups and the standing group during the six months that the organization has been in active existence.

[Here follows a list of the country representatives to the Military Committee.]

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[1] This communiqué, released to the press on March 28, appears as quoted in an unnumbered, unsigned telegram of that date from The Hague to the Secretary of State for his attention and that of the Secretary of Defense.

General Omar N. Bradley, Chairman of the US Joint Chiefs of Staff, served as chairman of the Military Committee meetings. The chairmanship rotates annually to the countries of the Atlantic Treaty in alphabetical order. General Bradley has also been acting as chairman of the standing group but in accordance with previously established agreement will turn over this duty on 1 April to the French representative, General Lecheres.[2]

The Military Committee unanimously expressed its gratitude to the Netherlands Government for the invitation to hold its meeting in The Hague, and for the excellent facilities which have been provided. This was the third meeting of the Military Committee, the first having been held in Washington, D.C. on 6 October 1949, and the second in Paris on 29 November 1949.

[2] Gen. Charles Lecheres.

740.5 MAP/3–2950

The Executive Director of the European Coordinating Committee of the Mutual Defense Assistance Program (Bonesteel) to the Deputy Director of that Program (Ohly)

TOP SECRET

LONDON, March 29, 1950.

DEAR JACK: This letter concerns some long-range thinking on the future of MDAP, European Military Production, and, in fact, the whole scope of our military and economic policies vis-à-vis Western Europe. I am sending this letter to you with extra copies which you might wish to show George Perkins and Dean Rusk. If the ideas seem worthy, I suggest they might be chewed over and refined by a small and select group and then made the subject of a governmental study. I am not proposing that there be any immediate action in connection with the coming Fiscal Year '51 presentation to Congress, but would hope we could begin some thinking aimed at possible crystallization by next year.

To set the stage, let me reiterate a few of the basic facts and considerations. The basic assumption is that our general policy toward Western Europe is correct. That it is in the enlightened self-interest of the United States to support, without dangerously straining our own economic strength (but probably demanding some greater sacrifices), the free countries of Western Europe with their total population of 300 million people, a high percentage of skilled artisans and potential soldiers, an industrial production at least two times as great as the USSR and Satellites, and with political and moral traditions like our own. This support must increasingly aim at "uniting" the

strength of Europe and must be applied with an increasing degree of US leadership.

The psychological benefits, in both Europe and North America, of the Atlantic Treaty and initial MDAP increments cannot be maintained indefinitely without a feasible and realistic plan for the future which will persuasively indicate to the public that there can be developed, in real fact, military power and posture in the North Atlantic community able to stand up against Soviet power. The realistic military requirements for such strength are in the process of being developed, I believe, in the NAT organization, although at best they can be only broad estimates. However, they are likely to show requirements for quantities of equipment, with supporting production, necessary for, say, fifty divisions (some in being and some mobilizable but for which equipment must exist); a tactical airforce of considerable magnitude with perhaps ten thousand or more first line planes; and naval strategic air (if any is furnished by Europe) and specialized forces of appropriate magnitude. These matériel requirements should be realizable within some reasonable period, perhaps five or six years, if the NAT concept is to remain real and vital.

By pure guess work, one might suppose that the total cost of such matériel would run perhaps to the equivalent of $30 billion. To find these finances as well as to divert from peaceful economies the materials, manpower and production facilities needed, will be a terrific burden on both our American and the European economies in their present state. There is a danger that the demands may seem so vast that the combined resources of Western Civilization may seem insufficient to meet them without such a degree of personal sacrifice by all that people will turn from such sacrifices and react like ostriches burying their heads in the sand. Sacrifices are needed, but can be called for only if there is a realistic chance that they can provide success.

Western Europe has long been known as the "workshop of the world", dependent, however, for a large part of its raw materials and food on overseas trade and supplies. The physical productive capacity of Europe today is perhaps higher than ever before, but world economic and political dislocations are making it well nigh impossible for Western Europe to be self-supporting at the standards of life which politically and sociologically are necessary today. The "dollar problem", disruption of triangular trade, the rise of nationalism in Southeast Asia and sub-Asia with the inevitable concomitant of desires for national self-sufficiency, the problem of industrialized Japan—not to mention Communism, the loss of China, and possible subversion of more of free Asia—all tend to leave Western Europe with an industrial production potential which will require positive action if it is to be sustained unaided.

The "Dilemma of Defence" so excellently expounded in the London *Economist*'s lead article of last December 15 is very real and not by any means easily solvable. It arises from the fact that the necessary increases in military budgets in Europe—necessary to achieve appropriate military strength in being—must come very largely from sacrifices in the field of individual social security expenditures. The exaggerated emphasis on social security in Europe has had a long evolution, which, politically, will be extremely difficult to reverse, if indeed this is either feasible or desirable.

The US economy with its enormous industrial production and equally great agricultural and raw material production (now producing surpluses) is unlikely to be able to bear the major burden of providing as end items the majority of the overseas European military requirements, particularly when the needs for economic and military assistance to other parts of the world are taken into account. (This statement needs careful checking, since if it is untrue, US provision of a vast amount of arms would be one possible alternative solution to the basic problem. However, I doubt this is a realistic alternative.)

Now, with the above all well in mind, comes the $64 question—what do we and the Western Europeans do to find a feasible solution to the problem of making Europe physically strong while preserving her economic stability, and not wrecking our own strength. The following thoughts are set forth, not as answers to the problem but to indicate a possible method of approach which, if thought through on an appropriate high and coordinated level, might show the way toward a solution.

The essence of the approach I want to suggest is that an important segment of European productive capacity be utilized, with American aid, to produce most of the arms required for Europe's re-strengthening. In other words, a vastly broader approach to the problem of "additional military production" in Europe. At present we are working on the basis of a few million dollars worth of assistance to AMP under the caveat of not jeopardizing economic recovery. The results are discouraging and there is little broad incentive involved. Can we not enlarge the present concept of AMP to relate it to very substantial increases of European military production with American economic and military assistance, both direct and indirect, permitting utilization of European productive capacity within a coordinated working out of the future economic and political as well as the military policies of the US vis-à-vis Europe?

Last year the French and Belgians indicated to Western Union a physical capacity for military production, disregarding financial considerations, amounting to something like a billion dollars worth of end items per year. Italy, in her confused submission of "project

statements" a few weeks ago, indicated a production capacity of over a billion dollars worth of end items. Italy also has her almost unsolvable problem of unemployed labor force. Western Germany has a very considerable potential, which if not utilized for end products could at least provide much of the steel and basic materials needed, say, in Italy and France. Most of this potential physical capacity in Europe is unutilizable at the moment, partly because of insufficient military budgets or insufficient *total* budgets, if you want to look at it that way, in the countries concerned and partly because available raw materials, manpower, etc., have to be directed into export production drives in the effort to get foreign exchange to buy both industrial raw materials and food.

These conditions will be aggravated by the cessation of Marshall Aid.

Somewhere in this maze of economic factors, I believe there is a pattern which if followed through might indicate a method of applying total American assistance to Europe so as to greatly benefit both military production and the economic situation of Europe in the future. This should be the problem put to a study group in Washington—a group made up of representatives of State, Defense and ECA.

I do not want to try to point out the answer, but perhaps it lies along the lines of provision of:

(*a*) Considerably increased direct dollar assistance to European military production aimed at increasing or converting capacity and not excluding consideration of "pump priming" by partial financing by the US of transfers of finished equipment from one country, like Italy, to others—a sort of partial "off-shore purchases" of finished equipment.

(*b*) Overall aid to Europe in "kind", perhaps by providing part of our agricultural surpluses of food, cotton, tobacco and other raw materials possibly as grants related to the Military Assistance so as to decrease the pressure of the foreign exchange, including the dollar, problem, and help provide the economic and financial basis for greatly expanded military production.

This has been a lengthy and not too clear exposition of a new approach in the way of aid to Europe. It tends to merge economic and military assistance. It has many additional ramifications which are too involved to attempt to put in this letter. It may not be feasible or realistic, but I do believe it deserves some consideration on a planning level and therefore commend it to your attention.

While the ideas set forth herein seem to relate mostly to the relationship between the US and free Europe, I do not mean to exclude the appropriate and necessary consideration of the Far Eastern and Pacific elements of the total problem. We still have access to most of

the raw materials in the world but continued access to adequate amounts is a factor. The development of underdeveloped areas in many parts of the world, Point IV, and all these factors must be related.

The Western Union [1] organization is now pulling together comparisons of available financial resources with the cost of a strategic plan based on targets set at Luxembourg. Similar calculations are in train for the whole North Atlantic Area, and the whole matter will be formally receiving the attention of the North Atlantic Treaty organization. Before we go too far in this field we need to think through the US position on basic policy questions involved in mobilizing those economic resources necessary to implement an adequate strategic plan, and be ready to assume appropriate leadership.[2]

Sincerely, TICK BONESTEEL

[1] Brussels Pact.

[2] This letter, or a copy of it, was attached by Ohly to a memorandum he sent to Nitze on April 10, suggesting that Nitze would "find it worthwhile to read it very carefully." (740.5 MAP/4–1050)

757.56/4–150 : Telegram

The Chargé in Norway (Villard) to the Secretary of State

SECRET OSLO, April 1, 1950—4 p. m.

301. During visit to Oslo of General Lemnitzer [1] on March 29 I attended meeting at Defense Ministry arranged by Norwegian authorities to afford opportunity for exchange of views on MDAP problems. In course of discussion General Hansteen, Commanding General, Norwegian Army, raised hypothetical question re US attitude toward exchange of military data between Norway and Sweden. Specifically Hansteen mentioned late model Swedish antitank mine details of which Swedes had apparently offered to Norway provided they could "get a look at" comparable American military equipment. Hansteen wanted to know whether it would be proper to cooperate with Swedes on this basis.

General Lemnitzer stated question would have to be decided on its merits if raised officially but reminded Hansteen that Norway was obligated under terms of bilateral agreement not to divulge classified military information and that this was particularly applicable when country outside NAT was involved.

Hansteen remarked in this connection that despite fact Sweden was outside Atlantic Pact informal military cooperation was proceeding

[1] Gen. Lyman L. Lemnitzer, Director of the Office of Military Assistance in the Office of the Secretary of Defense and Defense Department representative on the FMACC.

"under cover" between Norwegian and Swedish military authorities. While no official agreement existed or was contemplated Norwegian officers regularly visited Sweden and Swedish officers Norway in course of which military discussions of mutual interest naturally took place. He evidently regarded this exchange of visits as of definite value in formulating plans for defense of Norway.

Sent Department 301, pouched Stockholm.

VILLARD

700.00(S)/4–650 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, April 6, 1950—2 a. m.

Infotel. Secy has informed Senator Kefauver [2] that main purpose of forthcoming FonMins meetings would be to work out with Brit, French and other parties to Atlantic Pact common approach to common problems and that what we hoped achieve in North Atlantic community was maximum political unity with permanent executive direction, in sense of agreement on common policies and coordinated action to carry them out. He said this would require something in nature of permanent council or executive director with permanent staff or both and that we would also undertake start toward closer econ collaboration in North Atlantic community. He indicated that it seemed better to develop concrete unity of purpose and action rather than to begin by consideration of constitutional changes. Referring to precarious UK financial position and other problems facing UK, he expressed opinion that any "constitutional" approach to greater unity would scare Brit but that much could be accomplished in achieving unity of purpose and action. Kefauver expressed agreement with what we had in mind but questioned whether piecemeal approach would be adequate or whether what we had in mind could be expressed in simple enough terms to American and other peoples adequately to capture their imagination. Secy agreed that Senator's last point was important and expressed hope that we could do so. Kefauver referred to Congressional and public doubts as to where our foreign policy was really leading and thought these doubts might be even more serious next year unless clear and simple sense of direction were given to people. Secy said we were trying and would continue to try to make clear direction in which we were working.

ACHESON

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[1] Sent to Frankfort, Brussels, Copenhagen, The Hague, Lisbon, London, Moscow, Oslo, Paris, Reykjavik, and Rome.

[2] Estes Kefauver, U.S. Senator from Tennessee.

700.00(S)/4–750 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, April 7, 1950—3 a. m.

Infotel. Tentative draft agenda for meeting of North Atlantic Council resulting from discussion in International Working Group has been submitted to Pact governments. Agenda includes: 1) review of progress in implementing treaty in year since its signature, including reports of Defense Committee and Defense Financial and Economic Committee and steps to insure increased self-help and mutual aid, with particular reference to more effective econ and financial arrangements to support military defense plans; 2) review of and exchange of views on world political developments as they affect security and well-being of parties in light of treaty objectives; 3) promoting more vigorously agreed objectives of treaty, notably through closer coordination of foreign policies of member govts, development Article II to provide for coordination public info activities to bring about better understanding of treaty objectives and free institutions of parties, development Article II in econ field to promote closer econ collaboration, and possible central machinery to meet requirements developed in light of discussion of those points.

ACHESON

[1] Sent to The Hague, Copenhagen, Brussels, Luxembourg, Lisbon, London, Moscow, Oslo, Paris, Reykjavik, and Rome.

740.5 MAP/4–750 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, April 7, 1950—6 p. m.

1898. ToMAP from EDECC. For FMACC action info to others.

1. Subject is execution of AMP function in country MDAP sections. Projects submitted and recent visits to various country MDAP sections by EDECC, ECE staff, SUSRep–MPSB and JAMAG representatives indicate that:

(*a*) Over-all responsibility for AMP at country level is clearly understood to lie with special assistant to ambassador for MDAP. (FMACC D–9/2)[1].

[1] "Procedures, Instructions and Guidance for Additional Military Production Projects," March 4, 1950. This paper is in the Department of State Committee Files, Lot 54 D 5, Foreign Military Assistance Coordinating Committee. Lot 54 D 5 contains a collection of the records of committees of the Department of State for the years 1943–1952, prepared by the Department of State Records Service Center.

(*b*) Economic impact and fiscal aspects of AMP projects are definitely assigned to ECA country mission, under general direction of special assistant.

(*c*) Purely military aspects of AMP projects are responsibility MAAG's although specific personnel for this function is not provided for in all cases.

[Here follows a more detailed treatment of MDAP responsibilities at the country level and the need for a military production specialist in each MDAP section.]

Sent Department 1898, repeated Paris for OSR and Embassy 558, Rome 170, The Hague 78, Brussels 89, Luxembourg 14, Oslo 67, Copenhagen 55, Frankfort unnumbered, Heidelberg for Handy 87.

DOUGLAS

S/S–NSC Files : Lot 63 D 351 : NSC 82 Series

The Under Secretary of the Army (Voorhees) to the Secretary of State

TOP SECRET WASHINGTON, 10 April 1950.

DEAR DEAN : During the last two months, I have been conducting, at Secretary Gray's [1] request, an intensive survey as to what the Army might do to increase the defensive capabilities of Western Europe. Participating actively with me in this work have been Dr. Vannevar Bush,[2] Assistant Secretary Alexander,[3] and some of our outstanding combat generals.

While this, as all studies do, has brought to light certain weaknesses, it has also developed the existence of dramatic progress in certain essentially defensive weapons for use against armor. These are so encouraging as to make it reasonable to anticipate that, by maximum joint effort with our Allies, we will have it in our power in three to four years to make the heavy tank obsolete, and so radically to alter the present unfavorable military balance of land warfare in Western Europe.

Further, these weapons offer two significant advantages :

(1) They will be inexpensive to build, and of a character probably to make it possible to modernize effectively some of our World War II armor.

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[1] Secretary of the Army Gordon Gray, appointed by President Truman in March as his special assistant in charge of a study designed to develop recommendations on U.S. worldwide economic policies and programs.

[2] Vannevar Bush, former Chairman, Research and Development Board, National Military Establishment.

[3] Archibald S. Alexander, Assistant Secretary of the Army.

(2) The weapons will be essentially defensive in character, so that they will not be of a kind to constitute a threat to Russia which might tend to trigger-off a war on her part.

Your Mr. Bohlen appeared before our study group and gave an invaluable appraisal of the present situation. At that time we reviewed with him generally the lines of our thinking as above mentioned. I subsequently dictated notes as to Mr. Bohlen's views, which were to us most interesting and constructive. I shall send a copy of these to you under separate cover.[4]

Concurrently with this survey, I have been studying the subject of means to make it possible to produce these and other weapons in adequate quantity without an undue increase in our military budget. It is obvious that this is possible only by greatly increased military production in the Western European nations, accompanied by some authoritative coordination of that production so that each nation will contribute what it is best fitted to furnish for an over-all defensive plan. (This could include production by Germany of supplies which would not create a German war potential, including steels which could be shipped to the Western Allies for manufacture into weapons.)

On 21 March, with Secretary Gray's approval, I submitted to Secretary Johnson a memorandum outlining a plan which might help to accomplish this. This memorandum has been circulated and studied in the Department of Defense, and recently I learned that a copy of it had been given to the President. Accordingly, on 5 April I wrote Secretary Johnson suggesting that a copy of the memorandum be furnished to you. He approved. I am therefore inclosing copy of the original Top Secret memorandum,[4] and also copy of a revised form of the memorandum with certain modifications making it possible to downgrade the classification to Restricted. This, however, contains the essential argument.

All of the above action was taken without reference to JCS 2101/1 and its accompanying State–Defense study. It does, however, have a real bearing, I believe, upon 2101/1, particularly in (*a*) the information as to development of essentially defensive inexpensive weapons for use against Russian armor, (*b*) the increased morale of our Western Allies and the resolution to defend themselves which these developments and the vigorous application of them may well enable us to bring about, and (*c*) the means of controlling the dollar cost of any

[4] Not printed.

required increase which may be found necessary in our military program.

Should you care to discuss these matters further, I am of course available at your convenience.

Sincerely yours, TRACY S. VOORHEES

[Enclosure—Memorandum]

RESTRICTED [WASHINGTON,] 5 April 1950.

A PROPOSAL FOR STRENGTHENING DEFENSE WITHOUT INCREASING APPROPRIATIONS

I. BACKGROUND

a. Change in emphasis in Russia's threat to Europe:—Two years ago, Russia's threat against Europe was primarily a covert one of conquest by subversive methods. While this was proceeding successfully, there was relatively little threat of overt military action. The European Recovery Program was in essence a defensive weapon forged to resist Russia's subversive threat. It has been highly successful in this main purpose, but less so in its secondary objective of closing the dollar gap.

Thus arrested in conquering Europe by her subversive techniques, Russia's continuing high armament production, plus her atom bomb, has increasingly emphasized the threat of overt military action. This is backed up by her great weight of fine mobile artillery, 40,000 tanks, and enormous quantities of tactical aircraft.

As a result of the above changes, probably our greatest military danger for the next several years is that the Russian Army will overrun Western Europe. This would probably result in a prolonged war of many years.

b. Need for more and better defensive weapons:—Establishment of a better military balance as a deterrent against such a Russian attempt, and to stop it if made, is imperative. Because this would be primarily a land attack, plans to avert or defeat it are largely a ground force job, assisted by tactical aircraft. To assure that nothing in the Army's power to do is being left undone, the Army is currently making an intensive review of its program, particularly as to research and development in defensive weapons to stop Russian armor, and especially those weapons which are inexpensive to produce which the European nations could make for themselves in large quantities.

Entirely by coincidence we have just received the following expressions of opinion from Europe. These strongly corroborate the views previously held here which had led to the Army's study above mentioned:—

(1) A statement from one of our ablest officers now serving in a key post in the military assistance program, that because the necessary rearmament to be able to stand off the Red Armies will tax the Western European economies, we must give "top priority both as regards time and expense" to develop cheap and portable weapons which will make the tank obsolete; that this "would make an enormous and perhaps vital change in the so-called armament race."

(2) A report giving the views of an outstanding Western European leader that:—

> "the world situation is 'gradually deteriorating' and that insufficient progress is being made to counteract this deterioration through 'fostering a sense of unity in the West.' * * * that little progress can be made so long as Western defense budgets are approved or disapproved on primarily a national basis instead of being adjusted to the role of the country in an over-all defense plan."

(3) Messages from U.S. representatives in Europe expressing serious concern at the recurrence of a tendency toward a neutrality concept in some quarters, and the need of countering it.

c. Changes tending to offset such threat:—Since two years ago when ERP was launched, the following profound developments have occurred concurrently with the change above noted in the character of the Russian threat:—

(1) Recovery of production in Western Europe from partial paralysis to a level about one-third above prewar totals and to a point where these countries are now seeking markets. (This revived economy could be, but is not yet effectively, employed for European defense.)

(2) The U.S. has made the basic political decision to defend herself in Western Europe.

(3) To make this possible, the U.S. has formed an alliance through the Atlantic Pact.

(4) To further such defense in Europe, the U.S. has adopted MDAP.

(5) There is a considerable body of authoritative opinion that scientific developments are such as to make it possible to produce relatively inexpensive, purely defensive weapons of great potency against land attack, which could make the heavy tank obsolete.

d. Present weaknesses are:—

(1) That if U.S. dollar military assistance is to be a main reliance for European defense, preliminary Army estimates are that it would

have to be several times the $1,148,000,000 proposed for FY 1951. Yet the latter sum represents the most the U.S. can reasonably do, facing as it does a budget deficit.

(2) That the recipient nations, instead of being stimulated to greater military production from their own budgetary funds by such American assistance, are thus far doing discouragingly little.

(3) That the order of magnitude of the effort required to make a successful defense of Europe feasible in the near future is greater than that of which the present machinery of our military assistance plus self-help from the European nations' own budgets is capable.

(4) As the statement above quoted shows, that there is now no adequate central direction and planning of the several nations' own efforts which possesses the requisite authority or influence to produce optimum results.

(5) But the central weakness is that ECA, the one powerful organization we have which holds the principal purse-strings, is under the present law limited in its mission to promoting economic recovery, not to stimulating military recovery. Through its bilateral agreements with recipient countries, ECA has the control necessary to bring about the effective utilization for U.S. objectives of our dollar assistance and of the counterpart funds arising from it. ECA has strong missions in each of the countries with intimate knowledge of their economies. Under the present law, the counterpart funds resulting from ECA aid are used for economic purposes. Yet the change in the character of the Russian threat makes it necessary, and the extent to which economic recovery has already taken place should make it possible, now to employ these funds for the joint and closely related purposes of military and economic recovery. The FY 51 budget for economic aid and relief for Western Europe would be sufficient if such aid is given by grant to produce counterpart funds of roughly the soft currency equivalent of 3 billion dollars. Counterpart funds are the commensurate amounts in local currencies received by such governments from the sale to their own peoples of the supplies furnished to such governments by American dollar aid.

The basic necessity for continuing economic assistance to Europe is to meet its dollar deficit. There is therefore no apparent reason on account of which the counterpart funds derived from such largesse could not be used, under appropriate provisions in the ECA legislation, to achieve such desired U.S. objectives in Europe.

II. REMEDY

The time has clearly come to merge the U.S. organizations and appropriations for military assistance and for economic aid, under a modified charter, and to create a single powerful unit to accomplish both purposes. We could thereby not only promote but also protect European recovery. Through the counterpart funds and other means, we could greatly increase production of defensive military weapons in Europe. Even if only one-third of the possible counterpart funds from our FY 51 budget were so used, we could more than double the

flow of new weapons which will otherwise result from our proposed military assistance program during the coming fiscal year.

Equally important, we could by such control of the purse-strings bring about the effective central planning of what is produced.

In such a plan, military and political considerations coincide in requiring that all emphasis should be placed upon essentially defensive weapons.

While some reorganization and military participation would of course be requisite, it would appear that the ECA organization here and abroad should be the backbone of the combined agency.

III. THE ABOVE PLAN WOULD CONTRIBUTE TO SOLUTION OF THE "DOLLAR GAP PROBLEM"

There appears to be a tendency to regard the dollar-gap which will be left in 1952 as the main U.S. problem, instead of the even more serious military weakness of Europe. While it seems to be generally admitted that Europe will have a continued dollar deficit which we must make up, there seems not to be adequate realization of the fact that such inescapable dollar assistance (through the counterpart funds arising from it or as a direct condition of the aid) could be so employed as to effect a corresponding increase in Europe's military production, as well as to shape and correlate such production into a sound total defensive plan. It would thus achieve a vital U.S. objective.

Under the plan herein proposed, increased military production would also assist in sustaining the Western European economy by providing a market which it needs.

IV. THE ABOVE PLAN ALSO APPEARS TO BE TIMELY IN THE PRESENT ATMOSPHERE OF PUBLIC CONCERN ABOUT DEFENSE

The reduction in U.S. defense spending made during the past year has been vigorous and necessary. However, the concurrent development of Russia's atomic bomb, the talk of the hydrogen bomb, the Russian conquest of China and the knowledge of Russia's concentration on increased armament, have collectively created grave public anxiety. The public seeks some new assurance about defense. A sound, affirmative program, which would assure a great strengthening of defense at its point of principal weakness without increased dollar appropriations, would be the most effective answer. Further, it would be a means of carrying out Mr. Acheson's "total diplomacy" by creating a "situation of strength" in the focal area of present weakness which is Western Europe.

TRACY S. VOORHEES

700.00(S)/4–1050 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, April 11, 1950—12 a. m.

Infotel. We have agreed with French and UK on schedule for May meetings three FonMins [2] and Atlantic Pact Council. Secy will arrive Paris May 7 for discussions May 8 with Schuman and will proceed May 9–10 with Bevin and with Bevin and Schuman May 11, 12, 13. Atlantic Pact Council will meet May 15, 16, and 17 subject to confirmation by other Atlantic Pact govts. Advance party will probably begin preparatory talks Apr 24 in London. Our preference is to break down preparatory work into two phases: 1) first week beginning Apr 24 to cover broad general subjects; and 2) second week beginning May 2 to cover specific area questions such as Germany, Indo-China and Near East.

ACHESON

[1] Sent to Brussels, Copenhagen, The Hague, Lisbon, Moscow, Oslo, Reykjavik, and Rome.

[2] For documentation covering preparation for the approaching meeting of the three Foreign Ministers in London, together with coverage of the ministerial meetings and the lower echelon preparatory talks that preceded them, see pp. 828 ff.

700.00(S)/4–1350 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, April 13, 1950—7 a. m.

Infotel. At recent Atlantic Pact meetings [2] The Hague important first steps were taken with view to moving forward far as possible on both military and financial planning fronts. On military side necessary instructions have been given to obtain heretofore unavailable basic data. Regional Planning groups have been ordered compile net equipment deficiencies for scheduled 1951 forces and communicate these to Military Production and Supply Board for costing and recommendations as to production. Individual countries have been requested to supply same info for their national forces directly to their own reps on Military Production and Supply Board. Request was sent to Finance Mins to study immed available capabilities for additional military expenditures. On financial side Finance Mins sent request to

[1] Sent to Brussels, Copenhagen, The Hague, Lisbon, London, Moscow, Oslo, Paris, and Rome.

[2] Meetings of the Defense Committee, the Military Committee, and the MPSB. See circular telegram, March 10, p. 28.

Finance Committee for detailed estimate of finances, setting forth priorities requested for defense of North Atlantic countries. While they did not commit themselves as to possibilities additional defense expenditures, general disagreement at meeting with Cripps [3] attitude of "economy and finance first" clearly indicated recognition that additional financial effort for military purposes was necessary but without any implication that Finance Mins would be obliged to meet whatever total might be supplied by military planners. At meeting there appeared be general desire to de-emphasize slightly econ recovery with corresponding slightly greater emphasis on strictly mil security. France and Italy gave strong support to Harriman's statement that Finance Mins had not yet really faced problem of financing strategically adequate defense plan, with implication that they were ready to face consequences. As regards UK, sharp contrast was apparent between attitudes of Cripps who gave absolute priority to econ recovery and favored establishment financial ceiling for mil planning and that of Defense Min Shinwell [4] who placed mil preparedness and econ recovery on same basis. In view Norway's courageous record on Atlantic Pact, Norwegian Defense Min Hauge's [5] extreme caution was disappointing. At Defense Committee meeting he alone followed line somewhat similar to that of Cripps.

ACHESON

[3] Sir Stafford Cripps, British Chancellor of the Exchequer.
[4] Emanuel Shinwell, British Minister of Defense.
[5] Jens Chr. Hauge.

740.5/4–1450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, April 14, 1950—7 p. m.

2039. ToMAP. Personal for Martin from Bonesteel. Please restrict distribution. Reference Deptel 1313 [1] to London.

1. Possibility utilizing German production in support defense production of Western Europe explored by Lindley at Frankfort. Matter discussed with Gerhardt, Marshall, Taylor and Wilds.[2] Also discussed with John Harriman of OSR and JAMAG.

2. Following information obtained from Taylor. Figures are approximate. Present production Western Germany industry 98 percent

[1] March 23, 1950, p. 32.
[2] Presumably Thomas H. Marshall and Harold A. Taylor, Analyst and Production Specialist, respectively, in the Office of Economic Affairs at Frankfort, and Walter Wilds, Deputy Assistant Secretary of State.

of 1936 level. Most industry on one shift 48-hour week basis but two million unemployed including many skilled workers. Quality workmanship in all lines excellent. Some deficiences in machine tools but German tool industry could probably supply most needs if permitted.

3. Steel industry running at permitted capacity. Estimate reasonably sized orders could be met since extent and continuation of present internal demand not yet ascertained. Permitted aluminum production 85,000 tons per annum only half used. Copper production totalling 15,000 tons per month capable 30 percent expansion. Lead available in large quantities and considerable zinc. Primary magnesium prohibited. Much unused capacity in semi-fabrication entire non-ferrous metal industry.

4. Production all types textile yarns 38,000 tons per month including 21,000 tons cotton yarns. Internal demand not well sustained and can easily increase production 25 percent. Clothing industry has much idle capacity.

5. Automotive industry has large unfilled backlog passenger car orders but unused capacity exists in trucks particularly heavy models. Present total truck production about 3300 units per month expandable quickly by 50 percent and in six months by 100 percent. Estimate steel requirements such production available.

6. Much capacity available heavy industry particularly railroad equipment. Machine tool industry prohibited making certain types tools designed for war, but some tools serving both peacetime and war purposes permitted by Military Security Board. Present monthly production cutting and non-cutting machines now exceeding 5,000 tons expandable by 30 percent.

7. Great capacity exists electronic industry, particularly Siemens-Halske, but all types radar equipment and most types electronic valves prohibited. Large additional production available in switchboard apparatus, cable, wire and insulating materials. German optical industry well known and much idle capacity but equipment designed for war forbidden.

8. German shipyards could handle much business but ships with speed in excess 12 knots prohibited. Much capacity exists in cranes and hoists. Diesel engines and diesel electric generating units producible in large quantities. Also considerable unused capacity antifriction bearing industry though production some lines restricted.

9. German automotive industry already experienced rebuilding US types vehicles and good possibilities sizeable production automotive spare parts for US equipment. Much unused capacity in truck tire production.

10. With large physical capacities as above, financing apparent as major limiting factor, other than political, in utilizing German pro-

duction and there seems little utility further census productive capacity, until some progress made in financial and political fields. Financing possibilities discussed with Marshall, Taylor and John Harriman and following lines suggested for exploration:

(*a*) Ordinary commercial transactions related to EPU in which Germany now stands in short term debtor position. As and if Germany moves into creditor position might extend credits on production with some partial covering of net payment position from dollar pool. Objections likely by NAT countries to using own budget resources to purchase or barter in Germany. Many NAT countries have excess physical capacity at present and would probably prefer use own funds to keep employment high in own country rather than buying from ex-enemy.

(*b*) Offshore procurement in Germany with MDAP dollars. This would not imply necessarily full payment German local production costs but some substantial proportion. For balance local costs, possibly some proportion could be met by receiving country and some by Germany. Such procedure would imply general application partial offshore procurement principle to all NAT countries, but particularly applicable to Germany in view psychological impediments to getting any goods transferred to other NAT countries without using some US dollars. Some such step may be necessary if early utilization German production desired. Obvious, however, that there are many political aspects to US financing this production, with possibilities accusation US subsidizing rebuilding German armament production.

(*c*) Conceivably there might be partial answer found on basis of reduction in three western Allies occupational costs chargeable to Western German government with corresponding application of saving effected to financing production Western Germany for transfer to NAT countries. This possibly acceptable to Germans as use their budget funds for production and employment of German labor might seem preferable to using same funds for occupation costs. If this basis employed at all probably would have to be combined with one and two above.

11. See no realistic utility attempting prepare detailed factual statement suggested second paragraph urtel before seeing light re financial and political solution. NATO still working on overall deficiencies which will be so great that possibility substantial contribution by Germany will exist, although NAT countries also have sizeable additional physical capacity, without danger recovery, if financing can be found. After NAT–MPSB has done further work on European production programs, the areas where German production would be most useful will be clearer. Do you want us do anything further now? [Bonesteel.] [3]

DOUGLAS

[3] Telegram 1806 to London, April 20, for Bonesteel from Martin, replied as follows: "This is exactly what we wanted. Do not request further action on your part now. [Signed] Acheson" (740.5/4–1450).

740.5/4–1350 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET NIACT WASHINGTON, April 15, 1950—11 a. m.

1711. Personal for Douglas. Urtel 1999, Apr 13.[2] As you will attend Consultative Council mtg W.U. Monday it is likely your presence will deter Council from prejudging matters of equal concern to NATO and which could come up in Council. However, shd Council consider decision adverse to NATO interests you should express US concern. Likewise you should not hesitate express support of Council proposals favorable NATO.

You shd oppose any action giving priority to W.U. over NATO. If necessary you shd point out that premature adoption of position in certain matters at Cabinet levels within framework of W.U. might seriously prejudice development of solution on 12 country basis within NAT and hence go counter NAT's very concept. This concept is based on balanced collective forces within NATO as whole and would be seriously weakened shd priority be given to balancing national or regional forces. US Govt welcomes all WU efforts enhancing its capacity self defense against aggression but considers that any given amount effort yields greater security within NATO 12 nations rather than WU framework.

In particular you shd oppose any move to freeze financial appropriations for military expenditures at present levels at this time when medium term plan being reviewed by military planners, when cost this plan not known and before NAT DFEC has proceeded further with its study ascertain capabilities support mil expenditures.

You shd oppose any move to divert monies set aside for AMP to other purposes as MDAP approved on basis of request in which WU countries pledged use these sums for productive purposes. By decision Congress US MDAP goes to meet US obligations of mutual aid under NAT and therefore must be allocated support NAT rather than WU and in response to NAT and not WU recommendations. This specially important now when 51 MDAP about to be submitted to Congress. Any premature financial decision at govt level unrelated and prejudicial to NAT planning could not but influence US contribution, financial or otherwise, to common defense.

While we do not want to seem overbearing and do not want to interject ourselves in WU affairs without cause, you shd tactfully indicate our position as outlined above shd proceedings WU Council move along lines unfavorable NATO.

ACHESON

[1] Repeated to Paris as 1655 and Brussels as 501.
[2] Not printed.

740.5/4–1550 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, April 15, 1950—1 p. m.

1736. Eyes only for the Secretary from Bruce. Following is for such limited distribution within Department as you deem fit. In view of nature of sources, which are entirely reliable but unofficial, I hope it will not be repeated to other posts or otherwise circulated.

1. For some weeks Bidault [1] has been toying with idea of taking lead publicly in proposing strengthening Atlantic Pact organization by setting up within it civilian general staff for total diplomacy and coordinating political, economic and military policies of Pact countries through small Permanent Committee half of whom would be Europeans and the other half Americans and Canadians. The exact composition of such a committee is not, however, a matter which he is now ready to propose as he realizes the difficulties inherent in such a selection and apportionment but he does consider it extremely important that there should be a Canadian member. He does not believe that a committee with representation from each participating country can function effectively. Responsible to this committee might be an International Resources Planning Board.

2. Although Schuman is aware of the general discussions and speculations that have been taking place on this subject in the US, UK and France and himself referred to need for taking from NAT its too exclusively military character in speech at last convention of MRP (Embtel 1415 March 27)[2], he was not informed until after his return from vacation on Thursday of this week of Bidault's intentions. Bidault withheld earlier action until he could consult with Schuman on subject.

3. Bidault's motives are probably somewhat mixed. He considers that he was the forgotten man in the beginnings of the Marshall Plan since he responded favorably to the General's Harvard speech [3] before Bevin [4] did, although in much less vigorous terms. He also sees in this concept a way in which to dramatize himself before the French public and firm up his feeble hold on his government. He likewise envisages the possibility of France thereby acquiring a prestige in international councils which is now sadly lacking and likes the idea of an imaginative approach toward further North Atlantic unification. Nor do I

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[1] Georges Bidault, French Minister, October 1949–June 1950.

[2] Not printed.

[3] Speech by General of the Army George C. Marshall at Harvard University, June 5, 1947, initiating the idea of a European Recovery Program. For text, see Department of State *Bulletin*, June 15, 1947, pp. 1159–1160. For related documention, see *Foreign Relations*, 1947, vol. I, pp. 1028 ff.

[4] Ernest Bevin, British Secretary of State for Foreign Affairs.

believe that he would be reluctant to seize this torch before the British or ourselves lay hand on it.

4. He is, I think, unless enlightened by Schuman in the last two days, unaware that this subject has been under serious consideration for a long time in Washington and also no doubt in London.

5. In last night's *Le Monde*, Jean Jacques Schreiber, its leading foreign policy writer, opened the ball with a long article which is being telegraphed to you (Embtel 1737)[5]. In the course of it he calls for a third man, an European statesman who can grasp and develop the idea that the evolution of the Atlantic community is now entering on a third stage as clearly as did Mr. Churchill in 1940 and General Marshall in 1947 in regard to the previous two stages, and who can formulate policies appropriate to the strengthening of the community to face the problems of this forthcoming stage.

6. Schreiber does not so state but Bidault is to be this third man and the latter will not be coy about accepting the designation.

7. To this end Bidault will, in a speech tomorrow night at Lyon, outline his general views in this respect and then await what he hopes will be a favorable North Atlantic reaction. He will not, however, probably mention any of the particular methods of implementation such as the formation of committees to which I have referred, leaving details to be filled in later as may appear expedient.

8. If all goes well the French Government will have some sort of plan ready to present to the Secretary when he arrives in Paris.

9. Meanwhile Schreiber will continue in *Le Monde* to feed the public with any further ideas that may emanate from Bidault and those in his immediate confidence.

BRUCE

[5] Not printed.

740.5/4–1850 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, April 18, 1950—2 p. m.

2068. Personal for the Secretary from Douglas. Reference Deptel 1711, April 15 and Embtel 2064, April 18 [*17*].[1] Met with Consultative Council[2] in informal session yesterday afternoon. Shinwell only Minister other than Foreign Ministers present. Van Zeeland in chair.

[1] Latter not printed.

[2] Consultative Council of the Brussels Treaty Powers.

Van Zeeland [3] opened discussion stating my visit welcome and that he understood I had message for Council from Secretary of State (not clear how he received latter impression). He said he thought it would be useful if he outlined orally two working papers presently to be acted on by Council (since no papers before Foreign Ministers and none available to me and since I might be misunderstood were I to take notes, must rely on memory. May be faulty in detail but confident accurate in major points.)

First paper was in two parts, first concerned division of infrastructure in three parts, (*a*) essential multinational military requirements to be undertaken promptly (*b*) national requirements with economic by-products and (*c*) less essential national strictly military requirements. On these it was proposed plans be passed to standing group NATO for relation to NAT plans and advice as to essentiality for implementation.

Second part this paper analyzed and endorsed targets form troop strengths. Action proposed passing to NATO for correlation with NAT plans.

Second paper related to financing of infrastructure. Action proposed was that this be done in defense budgets.

Van Zeeland then asked if I would present message from Secretary. I said I had no written message but could express orally your views. Extended thanks for invitation. I then stressed importance US attached to WU and indicated that because of similar objectives WU and NAT and partial identity of members was sure they agreed it was important that decisions taken by WU should not restrict freedom of action by or reduce options available to NAT. I mentioned interrelationship NAT, WU and MDAP and our common interest that we would keep all coordinated to best advantage. We were hopeful they would take all decisions aimed at strengthening WU but where appropriate in relationship with NAT. I asked for instance if they intended finance infrastructure by reducing their AMP commitment mentioning history MDAP's connection with NAT and not WU and the possible adverse congressional implications of such action. I was assured this would not be done.

I then inquired as to whether there was any intent of the WU Council to set financial ceilings on defense expenditures at this time. After a caution from Shinwell as to constitutional situations under which expenditures authorized by parliaments necessarily became momentarily ceiling on expenditures, and after discussion in which there was complete understanding and I believe agreement on proposition

[3] Paul van Zeeland, Belgian Minister of Foreign Affairs and Chairman of the OEEC.

that WU refrain from recommending ceilings on defense expenditure Schuman stated there was no intention on part of Council to set such ceilings. Further on this point Stikker and Van Zeeland said one ceiling on expenditure was effect on achieving economic recovery.

I placed great emphasis on our agreement with this view that no expenditure should be undertaken which would increase strength in defense area at sacrifice of economic recovery.

We then entered a general discussion which indicated a realistic and encouraging disposition on the part of all to recognize the essentiality of keeping appropriate WU actions closely coordinated with NAT. In the course of this I was told that the Council would retain the Luxembourg troop strength targets as goals to be strived for.

Shinwell pointed out that our meeting had underlined the importance of a recognized machinery for insuring the close permanent liaison between WU and NAT. Schuman agreed and said that they would discuss this at May meeting.

Important feature of meeting was that (*a*) target forces of WU would be coordinated with standing group NATO forces to achieve balance of whole, (*b*) infrastructure projects would be reviewed by standing group NATO, (*c*) financing infrastructure expenditures would not be through reduction of AMP programs, (*d*) there would be no recommendations for ceilings on defense projects, and (*e*) important arrange in future permanent coordination WU and NAT.

Schuman asked me whether I thought standing group proper medium to effect coordination. I replied: "Certainly, standing group NAT adequate for immediate situation since this resolved present pressing need for orderly collaboration. All might, however, find on further examination that some other device might be preferable for the permanent solution."

Sent Department 2068, repeated Brussels for Murphy 98.

DOUGLAS

740.5/4–2050: Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, April 20, 1950—8 p. m.

1827. Eyes only for the Secretary.

1. Until Bidault returns, it will not be possible to obtain any clearer idea than revealed in his speech [1] of exactly what he had in mind in regard to the creation of an "Atlantic High Council for Peace." In the circumstances, and after consultation with Bohlen. I have decided

[1] Speech at Lyon, April 16, referred to in paragraph 7 of telegram 1736, p. 55.

that it would be wise for me to postpone my trip to North Africa which I have done without embarrassment to the French officials concerned. Remaining here, I will have an opportunity to talk to Bidault and explore what he has in mind as well as make any suggestions on this subject which the Department might desire to have me make in preparation for the Secretary's visit. Also, Bohlen will then be free to go over to London whenever he is needed by Jessup [2] and Perkins.

2. However, before we take any further soundings with French concerning this idea, I would appreciate some expression of Department's general view as to whether or not this project is to be encouraged (of course, without any commitment as to your final attitude) or discreetly discouraged in its formative stages.

3. If we desire to have the French come forward during the Secretary's visit and at London with some plan for the implementation of Bidault's idea, I believe that an informal indication at this stage that the US would be prepared to consider it sympathetically would afford us an opportunity of influencing the type of plan, as yet entirely vague, which the French might produce.

4. If you see any merit in the general concept advanced by Bidault and if the US would be prepared to discuss its participation therein, we see here considerable advantage in allowing the French to obtain the prestige of having been the originators. A French sponsored scheme of this kind might well afford us the opportunity of attempting a serious step towards the genuine integration of Germany into the Atlantic community. It is possible that the French would be prepared to accept German membership in some such body provided of course that the US itself was a member.

5. Specifically, I would like to have your instructions on what line to take with the French in regard to the concept as a whole and if your reply is favorable any suggestions that you might have for guiding the development of the specific plan which they intend to draw up for the May meetings and also what views, if any, I should express in regard to the inclusion of West Germany.

From what Bohlen has told me of the various lines of Departmental thinking concerning US relationship towards West European integration, I realize that it may be difficult to give a final answer to many of the questions raised in this message, but I do feel that Bidault's suggestion, unless the whole idea is totally unacceptable, may offer an opportunity to influence French policy, particularly in regard to problem of Germany.

BRUCE

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[2] Ambassador at Large Philip C. Jessup, head of the U.S. Delegation in London at the preparatory talks scheduled to open April 24.

740.5/4–2050 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET PRIORITY WASHINGTON, April 21, 1950—8 p. m.

1774. Embtel 1827, Apr 20. Fol represents our present views and are intended as guidance for any talks you may have with Fr concerning Bidault proposal.

We attach great importance to consolidating North Atlantic area through effective coordination of policy and concerted action in its execution. We are prepared to work with the countries of Western Europe toward progressively closer and more effective cooperation with respect to common problems in the political and economic as well as security fields. We are prepared to participate in and give urgent priority to study of necessary and practicable steps. We consider it urgent that Germany be effectively tied in with the West in political and economic fields in such manner that energies and potential strength of Germany be securely integrated with West and that it become clear to Germans that their own interests are best served thereby. We believe NAT, OEEC, and Council of Europe all require more vigorous development and coordination of their activities.

We do not believe in setting up new organizations merely for organization sake or unless need for such new organization is clear and its functions cld not be performed by existing agencies. We consider continuous high level coordination between Fr and UK and US of major importance but do not favor establishment of anything comparable to Standing Group in view of smaller nations susceptibilities and need for including them in concerted implementation of agreed policies. We believe such three power cooperation can effectively be achieved through intensification of contacts through existing channels.

Emphasis in our view shld be placed upon progressively closer and more effective cooperation with US as participant rather than upon questions of organization as such. At same time we are prepared to consider such organizational steps as may be clearly necessary to carry out definite functions. We recognize utility of something along lines of Bidault's thinking both from point of view of capturing imagination in Europe and US and in facilitating effective linking of Germany with West. However, we are not clear as to whether Bidault has in mind new organizational machinery or an expansion of functions of NAT Council. We can see real problems in either alternative. Nor are we clear as to what he contemplates re specific nature of Germany's relationship to his proposed Atlantic Council. You may accordingly encourage Fr to explore idea further but we hope they will not get themselves committed too deeply and concretely pending tripartite consideration. We wld particularly welcome their more

specific thinking on functions, powers, and relations with existing organizations of Atlantic Council. Any propaganda advantage wld be shortlived unless scheme were solidly based.

Will advise you further as our thinking develops.

Sent Paris as 1774; rptd London as Tosec 1.

ACHESON

740.5/4–2150

Memorandum by Mr. John Foster Dulles, Consultant to the Secretary of State, to the Under Secretary of State

SECRET [WASHINGTON,] April 21, 1950.

I did not want to interject views this morning at your staff meeting, but I do want to say to you that I feel concerned at the thought of placing a major economic and financial body within the framework of the North Atlantic Treaty.

My feeling is based on my sense of urgency of finding ways to draw Western Germany into the economic life of the West.

I do not think that the French will at any predictable date admit Gemany to membership in the North Atlantic Treaty. Schuman told me last June that he thought the French would never agree to this because they look upon the Treaty as a defense against Germany as well as against Russia. The French have, of course, a veto in this matter.

Any economic and financial body in which the United States takes part will automatically dim the importance of other bodies in which the United States is not a participant. It would, therefore, seem to me that for the United States to participate in an economic body set up under the NAT would not tend to solve, but tend to make more difficult a solution of, the very urgent and major problem of the future of Germany and whether it will become part of the fellowship of the West or whether it will bargain nationalistically between the East and West.

J[OHN] F. D[ULLES]

740.5/4–2250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, April 22, 1950—2 p. m.

1859. Eyes only for Secretary. Bidault sent for me last night. He had returned yesterday from the south of France where he has been since he proposed at Lyon the establishment of a "High Atlantic Coun-

cil For Peace". He said that he wanted to explain to me the reasoning which had led to its delivery. He stated:

1. That he used this occasion to launch an idea that might stimulate fruitful discussion of the problems that confront the western world. He has been conscious of deepening sense of apprehension and discouragement amongst the continental peoples at the prospect of the indefinite continuance of the cold war. The unification of Europe within practicable limits of which he is an ardent supporter and which he intends to continue to advocate does not seem feasible within a short period of time and it is therefore necessary, in addition to spurring on the continental nations to greater mutual effort to supplement such endeavors by a more dramatic approach. He feels that the British will not wholeheartedly join in any program in which the US is not a partner. However, France is in the difficult position of not being able to live with England or without her.

2. The British and Continental Foreign Ministers are so distracted and their time so engrossed, in addition to their regular duties, in going from conference to conference of the various bodies such as the OEEC, the Brussels Pact Organization, the Council of Europe, the NAT that they cannot themselves be expected to give the continuity necessary constantly to study, suggest and supervise the implementation of policies designed to take advantage of all the capacities inherent in the western world to win a cold war. This is one of the reasons why he proposed the establishment of a small group of select men who will address themselves uninterruptedly to such questions.

3. He has no plan spelled out in the way of composition or terms of reference and so forth for such a body. He and Schuman, however, are in complete agreement about the desirability of something of this sort being done and a detailed program is being drafted in the Foreign Office which will be presented to Mr. Acheson when he comes to Paris as a suggestion from the French and as a basis of discussion. Bidault does not at present know whether this will suggest setting up a new body or giving greater efficiency to the existing NAT organization.

4. He considers that there are two points of capital importance: (*a*) That the interests of Great Britain be integrated more closely with those of the other Atlantic Treaty powers, and (*b*) that Germany be associated as closely as is practicable with the interests of other European nations. Re the second point, he assumes at the present time that it would be neither desirable nor certainly from the French standpoint politically possible to have Germany become a member of the NAT organization, entirely aside from the juridical questions involved as to whether in the absence of a peace treaty Germany would

be eligible for such membership. He believes that a rearmament of Germany at present would provoke the Russians to war. If weapons become more plentiful and it seems safe to rearm the Germans, that is a matter which can be considered at a later date. At the present time there are not enough arms to equip the present members of the NAT. He is not one who would say that Germany should never be rearmed. Long ago he learned never to say "never" but that Germany should become a member of the Council of Europe and play her full part therein is one of his strongest desires. Moreover, he would welcome any steps which would bring Germany and France together in closer economic, political and cultural ties. He realizes the difficulties of a full liberalization of trade and of exchange in Europe but thinks and hopes that the Germans and the French may be able to work out something along these lines if they do not meet with too much obstruction from the British. He says that he knows Adenauer [1] well and considers him one of Germany's most valuable men. But perhaps on account of his age Adenauer is somewhat inclined to try to hurry matters to a conclusion and to crash through his obstacles instead of avoiding them. Further thought must be given as to how Germany can be associated with the North Atlantic effort.

5. In short, his trial balloon was an effort to call the attention of his people to the possibility, provided that it met with the favor of his country's partners, of giving efficacity to the Atlantic Treaty concept.

6. Since his speech as Lyon, he has had an opportunity to judge what the reaction at home and abroad has been to his proposal. He does not wish it to be in any way embarrassing to the governments of either Great Britain or the US. He was careful to explain several times that he is not committed to any course of action in regard to it. He recognizes its vagueness but hopes it can be made sufficiently concrete and detailed so that it will at least attract the serious consideration of you and Bevin. The French Government will have no pride of authorship in whatever it proposes and will not be prejudiced against any propositions that may be brought forward on this subject by the other two nations.

7. M. Bidault looked very refreshed by his short vacation and although he anticipates numbers of difficulties with the Parliament which reconvenes next week he does not fear an overturn of his government and thinks that France is fundamentally in excellent shape and will be able satisfactorily to solve its immedate economic and social problems. The same is not true of its military commitments the proposed expense of which gravely disturbs him.

BRUCE

[1] Konrad Adenauer, Chancellor of the German Federal Republic.

740.5/4–2550 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, April 25, 1950—2 p. m.

1887. For the Secretary from Bruce. In connection with M. Bidault's suggestion for a high Atlantic Council for Peace, and the various discussions which have taken place in the Department and elsewhere on the subject of strengthening the NAT organization with a view to enlarging the scope of its interest and operations, or of constituting still another international body, I am venturing to make a few personal observations.

Before embarking on any analysis of such matters, I must assume that the US Government is willing to go substantially further than it yet has committed itself in developing in concert with the other members of the North Atlantic Community a comprehensive political and economic as well as a military association. The cardinal decision which will determine the degree to which the Atlantic Community can be united with a view to presenting an effective opposition to aggressive Soviet designs is the extent of the commitment which the US is willing to make in this regard.

It is evident that the situation of the countries of western Europe vis-à-vis the Soviets has considerably improved during the past two years. The influences of Communism in the former area have sensibly diminished as the indices of production have mounted. Yet Communism is capable of speedy resurgence, if material conditions in these countries should markedly deteriorate. The nature of the Soviet Communist system, and the skill with which its leaders exploit non-Communist weaknesses will constitute a grave danger for many years to come. The first flush of enthusiasm over the rehabilitation of the economies of the war-afflicted western nations has faded, and the drab prospect of a future indefinitely menaced by an unscrupulous, powerful and evil enemy has depressed the natural buoyancy of freedom-loving peoples.

Two great problems now confront western statesmen (1) how to tie the interests of Great Britain more closely into those of the other North Atlantic nations and (2) how to fit Germany initially into the European complex, and in as short a time as possible into the Atlantic Area Society of Nations.

As regards the first, I am well aware of the reasons why Great Britain, as our most dependable and powerful ally, might claim special status from us. It has been said in this connection that if such a status is accorded, it must not be overtly acknowledged by us. It is almost impossible however to have an understanding of this nature

with the UK without at the same time prejudicing our hopes of coordinating the efforts of the free peoples of the Occident for a common purpose. Such special relationships cannot be kept secret. This is especially true when as is the case with the UK some of its representatives are not on occasion averse to letting their continental colleagues know that they are favored above others by us, and that regardless of the degree of cooperation which they might extend to continental aspirations, in the last resort they can safely rely upon us to save them from any ill consequences which might follow from their policies of comparative self-containment. If, however, everyone is associated in the NAT organization although the special pleadings of the British may be hearkened to with sympathy by the US there would be a greater feeling of community effort.

I think we should face this problem of how to deal with the UK cold-bloodedly and bear in mind certain probabilities which are almost facts; namely, (1) there will be no real European integration without whole-hearted participation by the UK, (2) the UK will not wholeheartedly participate in a purely European integration, (3) ergo, there will be no purely European integration.

Consequently the US must probably cease to press for European integration in the full sense that it has been advocated to date without however abandoning our encouragement of the European nations in their endeavors in this respect. Instead we should advocate a broadening of the conception of an Atlantic Treaty Community that will comprise most of western Europe as well as the US, UK and Canada and eventually western Germany, that will function along political, military and economic lines.

Only however if it proves that nothing of this comprehensive character can be successfully accomplished, then we could examine as a last resort the possible future of a US–UK alliance tacitly or openly expressed. In that case it might not be unfitting to contemplate a progression beyond our previous views on this problem and to speculate whether we should not go the whole hog and form an Anglo-Saxon federation with common citizenship, currency, etc. This latter idea has the virtue of presenting a really exalted goal but our present limited most-favored-nation attitude toward the UK which we do not acknowledge as existing is earning us the ill-will of other nations without gaining us the respect or even the goodwill of the British.

As regards the second problem Germany must as soon as possible be included as a full member of a North Atlantic Community.

In their search for hope and their wish to ward off psychological and material deterioration the nations of western Europe turn almost instinctively to the United States for guidance.

The announcement by the United States of its intention to broaden its participation in North Atlantic Community affairs, would provide a powerful new stimulus in the present situation.

In dealing with the possibility of administering such a new stimulus we must, I think, choose between an approach to the problem (1) through US participation in existing European organizations, or (2) through the creation of a new international organization, or (3) through the expansion of NAT.

I shall not undertake to weigh the advantages and disadvantages of these various approaches since they have been thoroughly canvassed in the Department.

It would be idle to think however that the mere addition of personalities to an already existing organization or the strengthening of an already existing mechanism or the constitution of a new international body would bring about desirable results in the absence of an agreed and elaborated plan of action.

To arrive at a plan of action we might well consider proposing at the May meetings the formation of a temporary study group which will, operating under terms of reference that are clear and precise, address itself first to a recommendation of the best method of developing the political and economic association of the North Atlantic Community, including as members the US and western Germany. Consideration should also be given to utilizing this group for the broader and more fundamental study of defining the problems critical to the security of the free world and recommending how these problems might be solved within the capabilities of the Atlantic Community of Nations. If the establishment of such a group is to have dramatic value and its recommendations to carry weight it should be composed of individuals of internationally recognized competence.

BRUCE

396.1 LO/4–2550

Paper Prepared in the Bureau of European Affairs as Background for the May Foreign Ministers Meetings [1]

SECRET [WASHINGTON,] April 25, 1950.

CENTRAL ORGANIZATION UNDER NAT

This paper, prepared in EUR, has been discussed in Mr. Jessup's [2] Clearing Group. It recommends that an effort be made at the London

[1] This paper, approved by the Secretary of State was identified as Foreign Ministers Document FM D B–1*a*. It is a revision of FM D B–1, April 14, not printed.

[2] Ambassador at Large Philip C. Jessup led the advance party of U.S. negotiators at the London preparatory talks and was an alternate U.S. member at the Foreign Ministers meetings that followed.

meetings to secure agreement on the establishment of new central machinery for NAT.

More detailed discussion of the work to be done by the new set-up is contained in other documents supporting NAT agenda items, namely

a. FM D B–2/1—Review of Progress in Implementing North Atlantic Treaty [3]
b. FM D B–27—Coordination of Public Information Activities under NAT [4]
c. FM D B–30—Coordination of Foreign Policies under NAT [4]
d. FM D B–31—Coordination of Economic Policies under NAT [5]

It is believed that this paper should be approved regardless of the decision reached with respect to the possible establishment of a new North Atlantic Council or similar body outside NAT. At the London meetings it is not expected that we could do more than agree in principle to the need for a new organization and to frame terms of reference for a study group to work to that end. Meanwhile the NAT should get ahead with the work proposed for the central organization.

If a Council outside NAT is subsequently set up, certain of the topics proposed now for NAT consideration would presumably be transferred to the new Council where coordination with countries which cannot now become NAT members could be accomplished. This is particularly important with respect to Germany, whose participation can contribute greatly to the success of many of the political and economic projects listed for NAT action.

PROBLEM

What additional NAT organizational arrangements, if any, are required to permit NAT objectives to be achieved more promptly and effectively?

BACKGROUND

It has been proposed to governments by the NAT International Working Group that consideration should be given at the forthcoming NAT Council Meeting in London to the establishment of a central organization reporting directly to the Council.

DISCUSSION

Six functions are suggested for such a central organization, acting in each case on behalf of the Council and subject to its direction. In each case the first task of the Permanent Commission would be to draw up a work program and a set of priorities in each of these fields,

[3] See the revision of this paper, FM D B–2/1*b*, April 27, 1950, p. 72.
[4] Not printed; Department of State file 396.1 LO/.
[5] *Infra.*

based on actions taken by the Council at its forthcoming meeting and on the substantive discussion of various issues which is expected to take place during its meeting.

1. Promotion of the prompt accomplishment of the Pact objective of creating an adequate integrated defense force without jeopardizing economic recovery and stability. Emphasis should be on following the work of the appropriate NAT bodies and assisting in the coordination of financial, economic and military aspects of the development and implementation of an adequate plan.
2. Coordination of foreign policies of Pact members in fields related to Pact objectives, taking into account as required political, economic and military considerations. For the present the emphasis should be on specific problems related to the strength and unity in action of the North Atlantic powers in support of Pact objectives and programs, rather than on endeavoring to act as a general clearing house for the conduct of the cold war.
3. Related to the above and in implementation of Article 2, is a role as a general clearing house for the exchange of information on measures for promoting public understanding of Pact purposes, for developing data on Pact activities for use by member governments, and for concerting the information policies of the member governments in this connection.
4. Coordination in planning the development and execution of economic policies of Pact members in accord with Article 2, concentrating on carrying out purposes of Pact to minimize overlap with existing international bodies. At present emphasis should be on study of what can usefully be done under Pact to promote Pact objectives, especially in fields closely related to defense, and with particular reference to the period after 1952.
5. Making such organizational arrangements as may be required to carry out Pact responsibilities in above fields.
6. Preparation of projects, proposals and recommendations for Council action, and housekeeping and miscellaneous assignments for the Council.

The nature and location of any central organization under the Pact should be determined in the light of the functions envisaged for it. In a developing organization like NATO it is difficult to anticipate accurately for any extended period in the future what the relative importance of these various activities may turn out to be. Even forecasts for the immediate future must be tentative. In these circumstances the projected organization must be a flexible and adaptable one.

However, certain general conclusions are possible. The organization should so perform these functions as to assist in developing real unity of purpose and action, through the development of common policies and concerted implementation of them. The organization required to carry out these functions must have vigorous and imaginative leadership, capable of acting on behalf of the Council. It must be

capable of doing the thinking ahead for NATO on the complicated tasks of developing twelve-nation political, economic, and military programs to build up their strength. It must have the facts available on which to base coordinated planning. It must have the full confidence of the governments that it is working in the interests of all of them. It must be "of governments" rather than denationalized.

The question of location is difficult. In terms of keeping a U.S. representative of the stature proposed fully cognizant of U.S. policies and acting in accord with them, a Washington headquarters is greatly to be preferred. Representatives of several Pact countries have mentioned in the past their preference for Washington as the location of any Permanent Organization which might be set up to serve the Council. It is an appropriate reflection of U.S. leadership. Washington is also the location of the principal military planning body, the Standing Group. There are not many European locations which at the same time have the facilities required, are good spots from a security standpoint, and in which the operation is unlikely to become a target of major CP demonstrations.

On the other hand most of the difficult problems with which the proposed central organization will be faced will require contact with European governments and there will be great advantages in having them close at hand. Meetings of the Permanent Commission (proposed below) with the top representatives of the Foreign Offices sitting are to be preferred to meetings of Ambassadors. They can only be held with any frequency in Europe, though even there they will be a difficult group to assemble. One of the major tasks will be to improve the working relations of the Defense Financial and Economic Committee and the Military Production and Supply Board, both of which are located in London.

CONCLUSIONS

1. The need for a body which can perform the functions listed above requires that a permanent central organization be established under the Pact.

2. The United States should be prepared to negotiate with other Pact governments the form which that central organization should take, but should propose an arrangement along the following lines:

a. There should be a Permanent Commission composed of a representative from each country with the rank of Ambassador and title of Deputy to the Foreign Minister. As the title suggests it should run NATO between Council meetings and in particular give policy guidance for the central organization to the conduct of the functions listed above. The Commission should meet regularly once a month and

oftener if the work to be done requires it. If the headquarters of the central organization is in Europe most of the members would be expected to be top Foreign Office officials. If it is in the U.S. they would probably be the Washington Ambassadors.

b. Each Deputy should have a small staff and be in a position to call in experts for special projects.

c. There should be a Secretary of the Council with a small contributed staff to perform secretarial and administrative duties for the Council and Permanent Commission.

d. A key figure in the central organization should be given primary responsibility on behalf of the Council and the Permanent Commission for the vigorous and efficient execution of tasks assigned the central organization. He should be responsible for giving direction to the work of the NAT Permanent Commission and for making necessary arrangements for it to perform the work required of it. The Secretary should report to him. He should be a citizen of essentially cabinet stature, devoting full-time to this job. (Preferably U.S. but this should not be a U.S. proposal.) He should have a staff from his own government adequate to permit him to spend a large share of his time travelling from capital to capital to keep in touch with situations affecting Pact operation and to influence governmental decisions in favor of active support of Pact objectives. His official position might be that of Permanent Chairman of the Permanent Commission.

3. The United States should agree with the majority wishes with respect to the location of the central organization.

4. The United States should take the position that the proposed machinery would not be used to replace existing organizations and that its purpose is to carry out the stated objectives of the Pact.

RECOMMENDATIONS

1. That the conclusions be approved.

2. That, if preliminary discussion with the British, French and Canadian representatives on the International Working Group reveals that some such arrangement as that proposed above might be acceptable, it be submitted informally to the International Working Group for consideration by governments in advance of the Council meeting and possibly, if time permits, discussion in the International Working Group.[6]

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[6] On May 6, in his letter to the Secretary of State, Secretary of Defense Johnson referred to the April 30 revision of this paper, FM D B–1*b* (not printed) and said that he concurred in the general proposal for some form of permanent NATO commission. He added, however: "In view of the military implications involved in the establishment of any council outside the North Atlantic Treaty, the Joint Chiefs of Staff desire opportunity to comment on the detailed plan for such a body before any proposal of this nature is submitted to or considered by the North Atlantic Council. In addition, they suggest that consideration be given to referring such a proposal to the National Security Council." (740.5/5–1050)

396.1 LO/4–2550

Paper Prepared in the Bureau of European Affairs as Background for the May Foreign Ministers and North Atlantic Council Meetings [1]

SECRET [WASHINGTON,] April 25, 1950.

DEVELOPMENT OF ARTICLE 2 OF NAT IN THE ECONOMIC FIELD

The following are suggested as appropriate subjects for consideration by a new central organization under NAT, in connection with the economic provisions of Article 2 of the Pact. German participation would be desirable in every case except items 1 and 2.

(1) Economic measures directly related to the implementation of military plans in which broader governmental responsibility is required than can be secured in the DFEC, or in which coordination is required between the work of the DFEC and the Defense Committee, or their subordinate bodies. For example, the transfer problem, adjustment of national budgets to larger defense expenditures, spending more of the defense dollars for capital equipment, etc.

(2) Consideration of joint planning for economic mobilization and economic warfare in the event of actual hostilities or of intensified economic pressures as a result of the continuation of the cold war. (This function, in part, is now assigned to the DFEC in the absence of any other civilian body under the Council. A new body which can carry out this activity is desirable.)

(3) Consideration of basic policy factors in economic relations between the West and the Soviet bloc. This would include periodic consideration of the principles upon which the present multi-lateral security trade controls are based. The objective would be to strengthen, rather than divert energies from, the present Consultative Group now operating in Paris, which is not organizationally connected with the NATO. Other matters to be considered would include possible coordinated action to be taken in the event the Soviets stop or sharply decrease East-West trade and coordinated economic action directed toward the detachment of Soviet satellites, e.g., economic assistance to Yugoslavia, satellite aviation policy, etc.

(4) In connection with the development of coordinated measures to be taken to combat an economic recession which makes a major depression a possible prospect, consideration of measures to meet possible Soviet exploitation of this problem and of the use of compensatory public expenditures on programs to strengthen defense.

(5) Consideration of the economic implications to the North Atlantic countries of major Soviet moves in the cold war, such as the threat to Southeastern Asia, and of the economic adjustments which must be made to meet them.

(6) Consideration of measures arising out of the Dollar-Gap program which can be handled best within the North American-European framework and which do not fit in with OEEC functions or with those

[1] This paper was identified as FM D B–31.

of any other existing agency. (There may not be any activities which qualify, although it seems possible that European dollar saving programs and related U.S. actions in fields with important security implications, such as shipping or petroleum, might usefully be considered in the North Atlantic framework.)

(7) Consideration of measures required to expand the production and income of the North Atlantic area to strengthen the area generally and support a larger defense effort which can not be better handled in OEEC, UN agencies or other existing forums.

(8) Consideration of the character of the arrangements in the broadest sense to be adopted after the end of ERP in 1952 which will best meet our objectives in 6 and 7 and objectives now being carried out primarily by the OEEC, such as European self-support and creating an integrated European market. This consideration should not foreclose continuation of OEEC but should recognize that its objectives represent essentially a North Atlantic problem and that the organizational arrangements to carry them out should take account of this fact.

700.00(S)/4–2750 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, April 27, 1950—4 a. m.

Infotel. In bilateral discussions with Brit [2] in preparation for FonMins meetings Brit official proposed as ultimate objective North Atlantic framework which would embrace US and American Republics, the UK and Commonwealth and "some European entity" and stated that such framework afforded opportunity for French-German cooperation and opportunity for UK to maintain its world position. He also expressed view that new body should be set up within framework of Atlantic Pact to deal primarily with political questions, emphasizing need for divorcing new machinery from military machinery of Pact. He said that one reason for separation was to pave way for possible future association with new political organ of certain countries, mentioning specifically Sweden, Switzerland, western Germany and Austria. Assistant Secy Perkins stated that we had come to conclusion that something needed to be done immed to strengthen Atlantic Pact organization. He indicated that even military side of Pact was not moving as fast as it should and that we felt one of troubles was lack of coordination of military and financial aspects of defense questions. During discussion Brit stated flatly that UK would refuse to "sink its identity" in European union and that Brit concept

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[1] Sent to Frankfort, Bern, Brussels, Copenhagen, The Hague, Lisbon, Moscow, Oslo, Rome, Stockholm, and Vienna.

[2] For more extensive documentation, see pp. 828 ff. In particular, see Secto 13 from London, April 25, p. 860.

of North Atlantic community is not one of federation but one of cooperative arrangements.

ACHESON

396.1 LO/4–2750

Draft Report on Progress in Implementing the North Atlantic Treaty, Prepared in the Office of European Regional Affairs [1]

TOP SECRET [WASHINGTON,] April 27, 1950.

U.S. POSITION ON ITEMS 2 AND 3 OF NAC TENTATIVE AGENDA

PROBLEM

Review of progress in implementing the North Atlantic Treaty in the year since its signature, including reports of the Defense Committee and Defense Financial and Economic Committee.

Consideration of steps necessary to insure increased self-help and mutual aid, with particular reference to more effective economic and financial arrangements to support military defense plans so that maximum collective strength and security can be built up.

BACKGROUND

With the significant exception of the United States Mutual Defense Assistance Program and gifts of certain modern aircraft by Britain to France NATO activities have been largely limited to military planning. The greatest progress has been achieved in strategic planning with the completion of a Medium-Term defense plan. While subject to continuous review and while accepted as a "first approximation" of the collective security goal to be achieved, this plan, for the first time, gives a rough estimate of the magnitude of the task to be accomplished.

The Military Production and Supply Board (MPSB) has compiled preliminary lists of available capacity for military production and of equipment needs, neither of which has yet been related to coordinated NATO defense plans. Actually, they are based on individually prepared national lists. The MPSB has also prepared preliminary surveys of available surplus equipment and of U.S. spare parts. However, these indicate minimum availabilities as they also are based on unilateral national statements resulting from initial surveys.

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[1] This report was circulated as FM D B–2/1*b* under the title "Review of Progress in Implementing North Atlantic Treaty," April 27, 1950. It was developed at working level with the Department of Defense and was widely cleared within the Department of State. It contains revisions suggested in discussion with Acheson on April 25.

Planning in the Defense Financial and Economic Committee (DFEC) has been essentially limited to a survey of present military budgets. The DFEC's projects as to over-all financial and economic resources available for military production and on the related subject of developing criteria to indicate the relationship between present military burdens and the capacity of the respective NAT countries to support them have not progressed.

Progress in defense planning is handicapped by a kind of vicious circle in which the military and production side of the Treaty Organization calls for financial guidance for their planning, while the financial and economic side calls for equipment needs and the cost thereof before determining financial and economic availabilities.

The initial steps to break the deadlock and move forward concurrently on the military and financial fronts were taken at the recent meetings of the DFEC (Finance Ministers) on March 29, 1950, and of the Defense Committee on April 1, 1950.

On the military side of the Treaty Organization, the necessary instructions have been given to obtain the essential but heretofore unavailable basic requirements data.

1. The Regional Planning Groups have been instructed to establish the net equipment deficiencies for the forces scheduled to be in being or mobilizable within 90 days on July 1, 1951, the end of the first period of the Medium-Term defense plan. These deficiencies will be communicated. together with broad priorities among major items, to the Military Production and Supply Board for cost estimates and recommendations as to production. Individual countries have been requested to supply the same information for their national forces directly to their representatives on the MPSB.

2. The same instructions were given with reference to the Medium-Term plan's 1954 objectives. As contrasted with cost figures for 1951 forces, the medium-term 1954 cost figures will include outlays for supporting the additional forces envisaged as well as the necessary additional equipment costs.

3. The Defense Committee has directed the Military Committee to invite, through the Standing Group, the regions to proceed as a matter of urgency with the study of the manner in which they contemplate increasing their forces in order to reach the military strength necessary for the defense of the North Atlantic area.

4. The Defense Committee requested the DFEC to take cognizance of the fact that these programs will require additional expenditures and asked the DFEC immediately to undertake an examination of the financial and economic ability of the Treaty nations to support additional military expenditures and to consider new and more adequate economic and financial dispositions, in particular for the implementation of an integrated defense program.

5. The need for maximum possible economy is implicitly recognized in the Defense Committee's report which states that the Regional Groups and the Standing Group, in reviewing the "first approxi-

mation" and determining the resources in manpower and material required to support it, will seek to assure the maximum economy compatible with the essential security of the North Atlantic area. To this end the planners have been directed to insure the most efficient utilization of forces, the closest coordination between regional requirements and the exploitation of the latest developments in military technology.

On the financial side, the DFEC sent a request to the Defense Committee for a detailed estimate of the cost of the defense of the North Atlantic area, together with priorities. While the Finance Ministers expressly refrained from committing themselves to meeting the total cost figure to be supplied by the military planners, they expressed their anxiety to make progress with the problem of financing the defense of the North Atlantic countries. Moreover, the lack of general agreement at the DFEC meeting with Sir Stafford Cripps' "economy and finance first" attitude, although shared by a few countries, tended to indicate recognition of the need for additional over-all financial effort for defense preparations.

As a result of the Defense Committee and DFEC meetings, the Council will have before it at the forthcoming session several papers, including:

A. *From the Defense Committee:*

1. Report from the Defense Committee on the status of defense planning.

The most important element of this report is a request that the Council agree to the immediate need for urgent action to insure the progressive build-up of the forces estimated as being required to support the medium-term defense plan. Also, the Defense Committee requests that the Council agree that an immediate determination should be made as to the financial and economic ability of the members to increase their present expenditures for military preparations, particularly for the implementation of an integrated armament program.

2. The Defense Committee's request to the DFEC to undertake immediately an examination of the financial and economic potentialities of the Treaty nations to support the defense of the North Atlantic area.

3. Coordination between agencies of the North Atlantic Treaty Organization.

The Defense Committee recommends that the Council issue instructions providing for full coordination and closest liaison between the permanent agencies of the North Atlantic Treaty Organization and their respective staffs.

B. *From the DFEC:*

1. A request that the Defense Committee send forward as soon as possible a detailed estimate of the finances, setting forth priorities, involved in defense programs.

[Here follow further discussion of the preceding matters and a list of recommendations for NATO Council action. These recommendations were later considered by the IWG in its preparation of resolutions for NATO Council action.]

740.5/4–2750

Memorandum by Mr. William Sanders, Special Assistant to the Assistant Secretary of State for United Nations Affairs (Hickerson)

SECRET [LONDON,] April 27, 1950.

Subject: European Integration and NATO

It would appear that we have reached a point in our discussions of this matter in Washington and here where a common denominator is discernible.

The main proposals submitted to date are:

(1) The RA draft of April 15 (FMD B–3/1) [1] which would develop and reorient NAT as the basic organization in which US participates with Europe;
(2) The second RA proposal of April 22 (FMD B–3/2) in which NAT would be the central organization with broadened functions but limited to the defense objectives of the Pact;
(3) The Ger proposal of April 22 (FMD B–3/3) for a North Atlantic Council;
(4) The UK idea which contemplates an "umbrella" organization (it is not clear whether within or without the NAT framework);
(5) The French idea, which apparently involves: (*a*) general agreement with the US proposal for an arrangement (permanent commission) for a continuing NAT Council group at a deputy ministerial level, with a high calibre executive staff, and with functions somewhat similar to those set out in the US proposal referred to in (2) above; (*b*) a western economic organization or conventional arrangement for economic cooperation on a broad front, which would include non-Pact members of the OEEC and the US and Canada.

The main objections advanced to the first two are:

(1) The complex of problems raised by German participation;
(2) The failure to make a separation between military matters, on one hand, and political and economic, on the other, with consequent psychological and political repercussions, including the effect on German and "neutral" country participation;
(3) The imprecise but real inhibitions on freedom of action in non-security matters which flow under the UN Charter from linking an

[1] FM D B–3/1, B–3/2, and B–3/3, discussed below, none printed, were informal background papers available for discussion in the London ministerial meetings. For further documentation on the subject, see pp. 611 ff., and pp. 828 ff.

arrangement for political, economic and social cooperation to a collective or regional defense arrangement.

As to the second proposal, there has been doubt whether it would satisfy the over-all requirements of the situation.

The third proposal would appear to require starting *de novo* and would give Germany a species of qualified membership that would relegate her to the role of a Cinderella colony in military matters.

Two major points have emerged in the discussions in London. The first would develop the NAT along the lines of the RA paper of April 22 mentioned in (2) above. The second calls for some organization or arrangement for continuing cooperation in the general economic field, that is, on matters not specifically related to the economies of the defense program. A further aspect of this question is raised by the Ger paper which would include cooperation in non-security political matters. Both the French and the Ger proposals are designed to meet the German problem. The French also place considerable stress on US, Canadian and "neutral" country participation in such a North Atlantic arrangement.

It is evident that agreement on some kind of continuing top level body under NAT for NAT purposes is likely at these meetings, particularly after today's discussions with the French and the apparent move by the UK to drop their idea of an umbrella organization. Final conclusion on the French proposal will not be feasible. The French recognize this and agree that further study is necessary. The Foreign Ministers could: (*a*) agree on the terms of reference of such a study and on the methods for its execution; (*b*) agree on general principles but leave the issues of specific substance and organization for subsequent elaboration and agreement.

If specific terms of reference are required, they might contemplate an agreement on general principles of political (in non-security matters), economic and social cooperation. These principles could be as general or as specific as might be considered feasible and desirable. The agreement could be developed in terms of a reciprocal relationship between the US and Canada and the OEEC countries with provision for some consultative procedures. There would in any event be a minimum of organization to start with, the door left open to whatever institutional developments might be called for by experience and needs. The requirements that must be met include particularly: (1) the agreement must be non-military, chiefly because of Germany but also because of the French desire to include the "neutrals", but should be able indirectly to backstop the broad economic implications of defense preparations under the NAT; (2) it must eventually have sufficient US participation and support to give the

UK the reassurance she needs for a progressively closer association with Europe. In effect, the arrangement would be a combination of alternatives (*a*) and (*e*) of the RA paper of April 15 [2] with the qualifications that the new arrangement would not absorb existing organizations. These would be integrated with or be related to the new arrangement or wither on the vine, depending on the needs and circumstances. The problem of initial duplication and overlapping is unavoidable whether we use the NAT framework or not.

The specifically military aspect could continue as at the present under the NAT setup, to which there could be a cross reference in the general agreement providing that the members would apply in the event of aggression against a member state the measures and procedures established in any special treaties to which they were individually parties. This provision would give the arrangement the necessary latitude for the UK idea of gradualism and hold out the possibility of eventual full German participation in defense matters through membership in NAT.

Such an arrangement could be initiated under Executive authority. Congressional authorization would be required depending on the cost and the nature of the commitments that might eventually be incurred.

[2] FM D B–3/1. See footnote 1 above.

396.1 LO/4–3050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, April 30, 1950—9 p. m.

Secto 57. From Jessup. Below is French proposal for a new body to be set up in the North Atlantic Treaty Organization (reference: tripartite paper TRI/P/8, April 29, 1950) : [1]

French Draft Proposal

1. The Atlantic Council will meet as often as it is necessary to work out and to put into operation the programme of action of the signa-

[1] This French proposal, identified as TRI/P/8, was circulated among the delegations at the tripartite talks in London on April 29 by the Secretary-General for those meetings, Charles A. E. Shuckburgh. Copies of the series of TRI/P papers are in the CFM Files, Lot M–88, Box 151, Foreign Ministers Meeting, London, May 1950, Documents TRI/P. Lot M–88 is a consolidated master collection of the records of conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center. For documentation on the discussion of this subject in the tripartite talks, see pp. 828 ff.

tory governments. With this in view each government will designate a deputy of its Minister of Foreign Affairs, who will be an official of high rank who would take part at Council meetings whenever these are called.

2. The Council thus strengthened will establish a permanent executive organ which will act under their control and according to their instructions.

3. The first task of the Council and of the permanent executive will be as follows:

(*a*) To co-ordinate military and financial policies with regard to defence with a view to arranging, with the shortest possible delay and under the best conditions:

(I) The establishment of a programme of modern armament;
(II) The division of production between the industries of the participating countries; and
(III) The division of costs;

(*b*) To co-ordinate political action wtih regard to common defense problems;

(*c*) To co-ordinate the information of public opinion in matters concerning the application of the pact.

Sent Department Secto 57, repeated Paris 693. [Jessup.]

DOUGLAS

740.5/5–150 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, May 1, 1950—2 p. m.

2351. ReDeptel 1628, April 11.[1]

1. April 16 meeting Consultative Council WU in Brussels revealed possibility WU decisions which might have prejudiced scope and future NAT decisions in same areas of interest. However, Foreign Ministers generally aware undesirability such WU decisions. Shinwell stressed necessity close coordination government-level actions of WU with those in NAT. Schuman agreed and suggested discussion this matter London meetings May.

2. NAT Council's forthcoming meeting may result establishment some continuing top-level NAT political body. Until character and duties this body established, would seem premature endeavor define precisely mechanics coordination high level WU and NAT decisions. If question raised Council meeting or in prior Foreign Ministers' discussions, would seem sufficient to suggest at least until form NAT has been established, informal agreement by Ministers representing WU countries that it is their intention not to take final governmental

[1] Not printed.

decisions in WU which might impinge on similar actions contemplated in NAT and to welcome US representative informally meeting with Permanent Commission and CC.[2]

3. Conclusions: (*a*) Believe no formal action need be taken at coming NAT Council meeting to establish system for coordinating WU and NAT high level decisions; (*b*) After permanent continuing body is established under NAT Council, a system for exchange of top level documents and coordination of contemplated decisions as between WU and NAT should be established; (*c*) Pending action under (*b*) above· US military participation in WU regional planning group should be used as a major method for advancing US military policy as it regards WU. Similarly, activities of US observers in WU supply board and finance committee [3] should be closely related to US objectives in the comparable NAT bodies; (*d*) Pending action under (*b*) above, US should ask to have US representative informally meet with WU Permanent Commission and CC whenever matters affecting NAT or MDAP or US are under discussion.

DOUGLAS

[2] The Western Union Permanent Commission (WUPC) and Consultative Council (WUCC).

[3] The Western Union Military Supply Board (WUMSB) and Finance and Economic Committee (WUFEC).

740.5/5–150

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (McGhee) to the Under Secretary of State

TOP SECRET [WASHINGTON,] May 1, 1950.

Subject: Continuing Desire of Turkey To Be Included in a Formal Security Arrangement

Ambassador Erkin, in his meeting with you on April 27, 1950,[1] requested that the question of including Turkey in a regional security pact be placed on the agenda of the meeting of the Foreign Ministers in London. NEA believes that no purpose would be served in so doing in view of the Department's position with respect to regional security arrangements in the Mediterranean area. This position has been stated in a paper dated April 18, 1950 [2] which was prepared in NEA for the Foreign Ministers' meeting and was fully cleared within the Department.

The paper in question recommends that in the event the Secretary is requested by British and French representatives to discuss regional

[1] A memorandum by the Under Secretary on this conversation with Feridun C. Erkin, dated April 27, 1950, is in Department of State file 740.5/4–2750.

[2] Position paper FM D D–1*a*, "Regional Security Arrangements in the Mediterranean and Near Eastern Areas," April 18, 1950 (CFM Files, Lot M–88, Box 149, FM D D–Series).

security arrangements in this area, he indicate our position as follows:

"(*a*) We are not in a position to consider any security pacts with Greece, Turkey, Iran or other Near Eastern countries at the present time because we cannot tell whether our capabilities at this time are adequate to defend our vital interests in Europe. Only an increase in Europe's own defensive strength, resulting from the North Atlantic Treaty and the Military Aid Program, would permit us to consider further security arrangements."

It is further felt that no important developments have taken place since this position paper was prepared which would require a reconsideration of our position. It might be noted that, to the best of the Department's knowledge, the recent Russian demands for a revision of the Montreux Convention [3] have been limited to one article in a Soviet publication, *Red Fleet*, and that no direct demands have been made to the Turkish Government nor has there been a barrage of Russian press and radio comment on the subject since publication of the article.

It is suggested that a reply to Ambassador Erkin's request be deferred until after the meetings of the Foreign Ministers as there is always a possibility that the question may come up during the meetings. Should Ambassador Erkin raise the question in the meantime, he could be informed that the Secretary was fully briefed on the matter before his departure but that it is doubtful that there can be any change at this time in this Government's position as expressed to him previously.

[3] For text of statement made by Acheson at a news conference of April 21 on the suggestion made in the official organ of the Soviet Navy Ministry, *Red Fleet*, April 19, for revision of the Montreux Convention of 1936, see Department of State *Bulletin*, May 1, 1950, p. 687. For text of the Convention regarding the Regime of the Straits, signed July 20, 1936, see British Cmd. 5551, Treaty Series No. 30 (1937): *Convention regarding the Régime of the Straits [With Protocol], Montreux, July 20, 1936;* or League of Nations Treaty Series, vol. CLXXIII, p. 213.

396.1 LO/5–250 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, May 2, 1950—1 p. m.

Secto 76. From Jessup. Below is text of UK proposal for item 2*a* of tripartite ministerial agenda (NATO) reference TRI/P/9, May 1, 1950: [1]

"Top secret. North Atlantic Treaty Organization. It is clear that the arrangements for its own organization approved by the Council

[1] This U.K. proposal, identified as TRI/P/9, was circulated by Shuckburgh among the delegations at the tripartite talks on May 1. For discussion of the proposal, see pp. 828 ff.

at its meeting on September 17, 1949, are inadequate, and in particular that in view of the political, military and economic problems with which the signatory governments are now confronted, there is need for the Council to be so organized as to be able to meet more frequently. To this end, each member of the Council will appoint a deputy to represent him with full authority at Council meetings when he himself cannot be present. The Council at deputy level will normally meet at (blank). The Council, thus reorganized, shall be served by a secretary-general, who, though having access to governments, will be subject to the instructions of the Council and have no independent powers of his own. The Council may set up such subsidiary bodies as it finds necessary.

The first tasks of the Council shall be:

(*a*) To study the economic, financial and political implications of plans prepared for the defence of the North Atlantic Treaty area; to coordinate the work of the Defence Committee, the Defence Financial and Economic Committee and their subsidiary bodies; and generally to recommend to the Council the steps necessary to ensure that effect is given to such defence plans;

(*b*) To coordinate the foreign policy of the signatories in matters of common interest within the scope of the treaty;

(*c*) To study how best to promote publicity in furtherance of the objectives of the treaty;

(*d*) To consider how effect can best be given to article two of the Treaty." [2]

[Jessup]
DOUGLAS

[2] A tripartite subcommittee, formed during the preparatory talks in London to study the question of closer NATO association, discussed the proposals presented in Secto 57, April 30, and Secto 76, TRI/P/8 and TRI/P/9. The subcommittee's initial revisions of the U.K. draft were described by Ambassador Jessup in Secto 84 from London, May 2, not printed. The text agreed upon at the subcommittee's meeting on May 2, with a French reservation, was transmitted as TRI/P/10 to Washington in Secto 85, May 2, 7 p. m., not printed. This text raised questions in the Bureau of European Affairs which were in turn listed in Tosec 71 to London, May 3, not printed. On May 4 the subcommittee considered the draft text TRI/P/10. The results of this discussion were summarized in Secto 144, May 4, not printed, and were submitted to the plenary meeting of the tripartite talks on May 5. For subsequent discussion in the days prior to the NATO Council meeting beginning May 15, see pp. 828 ff. The telegrams referred to above as not printed are in Department of State file 396.1 LO/.

740.5/5–350 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, May 3, 1950—6 p. m.

2410. For the Secretary.

1. ReDepintel April 27 [1] summarizing suggestions Ambassador Bruce covering study group "to consider best method of developing

[1] Not printed.

political and economic association of North Atlantic community, including as members US and Western Germany." [2]

Agree completely with Bruce's suggestion but hope that there will be added to this study the following questions:

(*a*) In a military sense should Western Germany now be admitted to such a community; and

(*b*) Will participation by the US and Canada in economic and political affairs in fact abate the UK's clearly evidenced reluctance to become associated in a closer economic union, if not also political, with the Western European countries.

2. As to the second, probably since 1945, certainly since the British crisis of 1947,[3] the record discloses that this Government has with increasing conviction moved far from their position that bilateral arrangements and exchange controls are indulged in only because they are necessary, toward (but not necessarily completely to) the view that bilateral trade arrangements and exchange restrictions and various devices aimed at protecting the internal system from external influences are in themselves good. I do not, therefore, believe that US–UK participation in economic and political affairs of the North Atlantic community in the sense that they will be part of an integrated or a quasi-integrated economic area will in fact, when put to the test, notwithstanding British flirtations with US, produce any fundamental change in the present Government's attitude and will not therefore advance the world toward a more free conversion of exchanges and a more unrestricted flow of goods.

3. Bulwarks of internal planning and defenses against external adverse influences in all of the forms, including bilateral trade arrangements and exchange controls employed both for the purpose of conserving reserves as well as for the purpose of extending the scope of bilateral commercial undertakings, will be abandoned in whole or in part by this Government only when the results of the test of experience prove to be, as I am sure in the course of five years they will prove to be, poorly if not dangerously adapted to the position of this island in its inescapable commercial and economic world context. An "umbrella" such as the North Atlantic community will not, I believe, by itself produce the result we have in mind.

4. This cable not intended to be a full discussion of the problem. It therefore should not be construed to be a completely negative attitude.

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[2] See last paragraph of telegram 1887 from Paris, April 25, p. 63.

[3] See *Foreign Relations*, 1947, vol. III, pp. 1 ff.

It is sent solely for the purpose of questioning the premise that US participation in North Atlantic community will cause British resistance to closer economic and political union to evaporate.

Sent Department 2410, repeated Paris 723.

DOUGLAS

740.5/5–350 : Telegram

The Minister in Switzerland (Vincent) to the Secretary of State

SECRET BERN, May 3, 1950.

Subject: Unlikelihood of Swiss adherence to body within Atlantic Pact to deal with political questions.

368. Ref Department's intel of April 27, 1950, 4 a. m.[1] The intel under reference mentioned a British suggestion for "a new body within the Atlantic Pact to deal primarily with political questions" which might offer the hope of bringing in Switzerland, Western Germany, and Austria.

Conclusions

So far as Switzerland is concerned, the Legation considers the British suggestion unrealistically optimistic. The Swiss have joined international organizations with economic or cultural aims (e.g. FAO, UNESCO, OEEC), but they have consistently refrained from joining organizations with political or military aims (UN, Atlantic Pact, the Council of Europe). The Swiss objection to adherence to the latter type of organization is reinforced when it appears to them that the organization is "one sided," i.e., that it does not include representatives of both sides in the cold war. Judging from conversations with informed Swiss and from the tone of press comment here, the Swiss hesitations with regard to the Council of Europe were based on 1) this "one sideness" of the Council and 2) its political character. If the Swiss have been reluctant to join the Council of Europe, it seems clear that they would be even less likely to consider joining a body associated with the Atlantic Pact. Calling the new body "primarily political" would not make it more attractive to the Swiss. It would, in fact, probably have exactly the opposite effect.

The Swiss situation, in the Legation's opinion, can be summed up as follows: *If* a Western European Union were formed and became a *healthy* going concern, then the Swiss *might* join *with reservations.*

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[1] *Ante*, p. 71.

How To Bring the Swiss In

The Swiss tendency to be more cautious in their political relations with the West is in direct proportion to 1) the intensity with which the cold war is being conducted by both sides and 2) the Swiss estimate of the military weakness and indecision of the West, in particular of her neighbors Germany, Italy, and France. There have been a number of indications recently that the Swiss think the cold war is getting hotter and that militarily the West is weaker than had at first been supposed (cf. editorials on US break with Bulgaria, Secretary's total diplomacy speeches, Privateer incident and recent speeches by Swiss Army officers including Chief of Staff Colonel de Montmollin). There is evidence, moreover, that the Swiss are not impressed with the resoluteness or efficacy of current efforts to form a viable union of western states. Since there is probably little that we could do to change the Swiss notions with regard to the cold war, the best chance of bringing them into a Western European organization probably lies in persuading them that in joining a Western European organization they would be entering a going concern with a bright future. This implies, as has been indicated above, persuading the Swiss that plans for Western European Federation and defense are being pursued with energy, resoluteness, and a good chance of success.

Switzerland and the Council of Europe

A few observations on Switzerland's attitude toward the Council of Europe might be of interest. It is a fact of political importance that Swiss sympathies are over-whelmingly on the Western side in the cold war and that the hope is frequently expressed in both private conversations and editorials that Western Europe will be able to create a viable confederation and, with American help, an effective defense organization. But the Swiss generally, including many who are otherwise internationally minded, feel that Switzerland's adherence to the Council of Europe would be contradictory to the country's "status of neutrality." Although the European movement in Switzerland recently received some encouragement with the announcement that the Swiss Socialist Party had decided to support it, in the Legation's view the chance of Switzerland's joining the Council are not better than they were a year ago and may in fact be worse.

[Here follows discussion of Foreign Minister Max Petitpierre's views on the matter as reflected in his recent public statements and as contrasted with his probable personal feelings.]

JOHN CARTER VINCENT

396.1 LO/5–350

Paper Prepared in the Office of European Regional Affairs as Background for the May Foreign Ministers and North Atlantic Council Meetings [1]

TOP SECRET [WASHINGTON,] May 3, 1950.

BUILDING UP THE DEFENSIVE STRENGTH OF THE WEST

I. PROGRESS TO DATE

We believe that a start has been made toward building up the defensive strength of the West. The main accomplishments in the past year have been: (FM D B–2/1*a*)[2] and (FM D B–2/2)[3]

1. An agreed strategic concept.
2. A medium term strategic plan for the defense of the NAT countries which has been approved by the Military and Defense Committees.
3. An estimate of the forces required to support this plan which has been approved by these same committees as "a first approximation."
4. An instruction from the Military Committee to the Standing Group and the Regional Planning Groups to review this hastily drafted first edition of the plan with a view to maximum economy.
5. An instruction from the Defense Committee to the Production and Supply Board to cost the plan.
6. A request from the Defense Committee to the Defense Financial and Economic Committee for a report on the ability of the treaty nations to support additional military expenses.
7. An initiation of mutual aid between the treaty countries: U.S. Military Assistance Program (FM D B–2),[4] gifts of certain modern aircraft by the U.K. to France, Belgium's offer of certain surplus military equipment to other NAT nations.

II. U.S. POSITION

We believe, however, in view of the present world situation and because of the disparity in strength between the Soviets and the West, that further and more rapid progress is essential:

1. To consolidate the planning achievements to date and to insure further rapid progress in planning, it is of the utmost importance that the plan be refined to its most economical dimensions compatible with security, and that the cost of the plan be determined as soon as possible so that it can be intelligently considered within the NATO and by the respective governments and so that appropriate collective measures may be adopted for its implementation or further revision.

[1] This paper was identified as FM D A–2/1. It was a supporting paper for FM D A–2*d*, "U.S. Objectives and Course of Action in the May Meetings", April 28, 1950, p. 1001.

[2] Not printed. See FM D B–2/1*b*, April 27, p. 72.

[3] Not printed; a copy titled "Accomplishments of the North Atlantic Treaty", dated May 1, 1950, is in the files of the Joint Chiefs of Staff.

[4] Not identified in Department of State files.

2. To speed up the build-up of the West military strength in view of the obvious preponderance of Soviet Military power—especially land forces—we believe it necessary both to begin programming and building forces upward without waiting for further progress in the planning field. For effective coordination of programming and in order to achieve military strength most cheaply and effectively, it is essential that balanced collective forces rather than balanced national forces be created. For this reason, it is highly advisable that NAT military efforts be made within the framework of the plan. Even though it should be thoroughly understood that the plan is being and will be constantly reviewed for maximum economy and effectiveness and even though it is possible that it could be fundamentally changed, the gap between Western and Soviet strength is such that first achievements under the plan will retain their value to the West.

3. We are convinced, even though the cost of the plan is not yet available, and even though the present plan may be considerably revised downwards, that greater financial effort is required of the NAT countries. We believe that the time has now come to review the past absolute priority which has been granted to economic recovery. We believe that in many countries recovery has been sufficient to permit a greater military effort without endangering the economic and political foundations necessary to national strength. We fear that the other NAT countries, especially those with large communist parties, may not realize this possibility. We should, therefore, seek to impress upon our partners the necessity of giving equal priority to economic recovery and to additional defense measures.

4. We should also seek to make certain that whatever finances are now available to the NAT countries are spent in such a manner so as to yield the maximum military strength. While difficult, in view of considerations of national pride and local politics, we should discourage prestige expenditures such as: French aircraft research, the building of French aircraft carriers and capital ships, and Dutch naval expenditures. Therefore we should seek agreement between NAT nations that that proportion of their military appropriations which is allocated to the defense of the North Atlantic Area be used so as to create balanced collective forces rather than balanced national forces.

III

We should seek to obtain approval of the U.S. position. We do not yet know our negotiating position but will explore the situation both in the International Working Group and in London in the next ten days. We expect that difficulties will be encountered, particularly with the British.

IV. THE SPECIFIC ISSUES WHICH WILL COME UP IN THE NAT COUNCIL MEETING IN CONNECTION WITH THE BUILDING UP OF THE DEFENSIVE STRENGTH OF THE WEST ARE THE FOLLOWING

1) *The Report from the Defense Committee in seven parts.*

a) A request from the Defense Financial and Economic Committee to the Defense Committee for a detailed estimate of the finances that

would be required for the defense of the North Atlantic countries on the basis of the Medium Term strategic plan (1954) (Council D–4/2).[5] While this request is only transmitted for the information of the Council, the Council should support this request by adopting the following resolution:

"*The Council notes* with approval the request from the Defense Financial and Economic Committee to the Defense Committee for a detailed estimate of the cost of the Medium Term plan, setting forth the priorities therein and wishes to record the importance it attaches to the early completion of this project."

b) A report from the Defense Committee on the status of defense planning (Council D–4/3). The most significant sections of this report are:

Paragraph 1—Approval of the Medium Term plan.
Paragraph 2—The Defense Committee's approval, as a first approximation of the forces required by July 1954 to support the Medium Term defense plan.
Paragraph 3—Instructions to the Regional Planning Groups to review the present plan to assure maximum economy compatible with the essential security of the North Atlantic area.
Paragraph 5—Instructions given to the Regional Planning Groups to prepare and submit to the Production and Supply Board lists of deficiencies and equipment with broad priorities among major items to be met by July 1, 1951. The same instructions have been given with regard to the deficiencies to be made good by July 1, 1954. (This hitherto unavailable data is essential for the costing of the plan and for judgment as to its feasibility.)
Paragraph 9—Contains a request from the Defense Committee that the Council agree to the immediate need for urgent action to insure the progressive build up of the forces estimated as being required to support the Medium Term defense plan. In response to this request the following resolution should be adopted by the Council:

"*The Council*
"*Fully cognizant* of the need for further revision and refinement of the Medium Term Plan, but convinced that it provides an indication of the nature and extent of the effort required to achieve the necessary defensive strength,
Aware that there exists a great gap between present defensive strength and the military forces which will be required after review and refinement of the plan, and convinced that additional

[5] Council Document D–4/2 and others of this series, treated below, are not printed. Copies of D–4/2, 5, 6 and 7 are in the NATO Sub-Registry located in the Department of State. This repository for the official documentation of the North Atlantic Treaty Organization is retained in the Office of the Deputy Assistant Secretary of State for Politico-Military Affairs and access to these materials is presently on a restricted basis. More complete repositories for microfilm copy of NATO documentation are in the Central U.S. Registry in the Department of Defense and the NATO Central ATOMAL Registry in Brussels, Belgium.

balanced collective defensive strength must be achieved in accordance with the agreed principles of the 'strategic concept'

Urges the governments of the North Atlantic nations to take action to insure progressive build-up of defense forces and to use that portion of their military appropriations allocated to the defense of the North Atlantic area so as to create balanced collective forces rather than balanced national forces."

c) A request from the Defense Committee to the Defense Financial and Economic Committee (Council D–4/4) that the latter undertake immediately an examination of the financial and economic capabilities of the Treaty nations to support additional military expenditures, transmitted to the Council for its information. The Council should support this request by adopting the following resolution:

"*The Council notes* with approval the Defense Committee's request to the Defense Financial and Economic Committee to undertake immediately, concurrently with planning by military and production planning agencies, an examination of the financial and economic ability of the Treaty nations to support additional military expenditures for the defense of the North Atlantic area and to consider new and more adequate economic and financial dispositions, in particular for the implementation of an integrated defense program, and wishes to record the importance it attaches to early progress on this project.

In making this examination the Committee should recognize the need to increase, as a matter of urgency, collective military security against the threat of Soviet military aggression. The Council recognizes that a sound economy is the necessary basis of the required defense effort, but points out that the ability to make additional military expenditures must be judged not only in the light of economic and financial conditions, but equally in the light of the needs for defense, and believes that if there were a general understanding of the nature of the present world situation, these conditions are now such that an increased defensive effort could be sustained."

d) A recommendation to the Council (Council D–4/5) that it issue instructions that will provide for full coordination and closest liaison between the permanent agencies of the North Atlantic Treaty organization and their respective staffs.

The Council should act on this recommendation by adopting the following resolution:

"*The Council directs* all NAT bodies to take steps which would insure more concurrent planning and closer coordination and directs that the NAT organization shall function continuously by the direct interchange of necessary information between the various principal committees, including their Permanent Working Staffs. (Council Directive D–1/1, September 17, 1949,[6] should be amended accordingly.)"

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[6] Not printed.

e) A memorandum from the Defense Committee (Council D–4/6) informing the Council that it had agreed to amend Paragraph 8(*g*), D.C. 6/1 (The Strategic Concept)[7] to satisfy the Portuguese objection. This paragraph deals with collective cooperation to regulate, beginning in peacetime, all measures of military preparation necessary for the common defense.

As this matter has already received the individual approval of all North Atlantic Treaty governments, this item requires only routine Council approval.

f) A report (Council D–4/7) on the implementation of the security system for the North Atlantic Treaty Organization.

This report is forwarded for the information of the Council and needs only to be noted.

g) A report (Council D–4/8) on the security system for the North Atlantic Treaty Organization.

This report amends the security system for the North Atlantic Treaty Organization which was approved by the Council on January 6, 1950, and clarifies the definition of "cosmic papers."

As this matter has been thoroughly considered by the governments of the member nations, only routine approval of this amendment is required.

V. THE REPORT FROM THE DEFENSE FINANCIAL AND ECONOMIC COMMITTEE (DFEC) COUNCIL D–4/9

We have not yet been definitely informed of the exact form this report will take. However, we have reason to believe that the following recommendation will be in order:

"*The Council has noted* with approval the report from the DFEC and wishes to record the importance it attaches to further progress on its work projects."

The substance, however, will be as follows:

a. Reports on the status of the first priority work projects (FECD–3)[8]

Study of total approximate defense expenditures in budgets of NAT countries.

Study of Financial and Economic Resources available for purposes of military production and mutual assistance.

Study of financial arrangements for transfer among NAT countries of military equipment, surplus stocks, materials and equipment to be used in producing military equipment.

Study of formulas and criteria to indicate the financial and economic burdens of defense in relation to the capacity of the respective NAT countries to support them.

b. A report on the increase in defense production (FECD–8).

[7] For text of this report, see *Foreign Relations*, 1949, vol. IV, p. 353.

[8] FECD–3 and FECD–8 and FECD–11 below, not found in Department of State files.

c. Statements approved by the DFEC for Congressional use on total approximate defense expenditures and on increase in defense production.

d. DFEC request of the Defense Committee for cost and priority of strategic adequate defense plan (FECD–11). This request and the recommended resolution pertaining thereto have been covered under the Defense Committee report where it also appears.

e. Defense Committee request to DFEC for assessment of defense expenditures possible on the basis of financial and economic potentialities of the treaty nations.

This request and the recommended resolution pertaining thereto have been covered under the Defense Committee report where it also appears.

VI. FURTHER STEPS NOT CALLED FOR BY THE REPORTS FROM THE DEFENSE COMMITTEE AND FROM THE DFEC

The Council should also adopt the following resolutions:

a. "*The Council, recognizing* the indispensability of mutual assistance among the Treaty Powers in making progress toward the achievement of an integrated defense, and, in particular, the contribution of such assistance heretofore made by the United States, United Kingdom, and Belgium.

Convinced that further mutual assistance is essential to rapid progress toward the strength required for the common security of the North Atlantic area.

Recommends that each party make its maximum contribution through mutual assistance to achieve that integrated strength necessary for the defense of the North Atlantic area."

b. "*The Council urges* the governments to use their best efforts and supply the necessary instructions to facilitate and hasten the implementation of the preceding resolutions.

The Council believes that it is important to establish a central organization in order to assist in the vigorous and effective implementation of these resolutions." [9]

[9] In a memorandum for the Secretary of State dated May 5, Maj. Gen. Leven C. Allen, Executive Secretary in the Office of the Secretary of Defense, recommended about a dozen changes in the wording of this paper, FM D A–2/1. The action taken by the Department of State on these recommended changes was conveyed to the Office of the Department of Defense in a memorandum dated May 9 from Douglas MacArthur II, Deputy Director of the Office of European Regional Affairs. The two memoranda, not printed, are in Department of State file 396.1 LO/5–550.

396.1 LO/5–450 : Telegram

The Acting Secretary of State to the Secretary of State, at London

SECRET WASHINGTON, May 4, 1950—2 p. m.

Tosec 91. Fol agreed by IWG yesterday. "Proposed Agenda for the North Atlantic Council.

1. Adoption of the Agenda.
2. Approval of the Minutes of the last (third) session.
3. Review of and exchange of views on world polit developments as they affect the security and well-being of the Parties in the light of Treaty objectives.
4. Review of progress in implementing the North Atlantic Treaty in the year since its signature, including reports of the Defense Comite and the DFEC. Consideration of those steps necessary to insure increased self-help and mutual aid, with particular reference to more effective econ and financial arrangements to support mil def plans so that maximum collective strength and security can be built up.
5. Promoting more vigorously the agreed objectives of the Treaty, notably through:

a. Closer coordination of the foreign policies of the Member Govts designed to further the purposes of the Treaty;
b. The development of Art 2 to provide for coordination of public info activities to bring about a better understanding of Treaty objectives and of the principles upon which the free institutions of the Parties are founded and the benefits which accrue therefrom;
c. The development of Art 2 in the econ field in order to promote closer econ collaboration to accomplish North Atlantic Treaty objectives;
d. The possible creation of some additional central machinery to meet the requirements developed in the light of discussion of the foregoing points.

6. Report of the Internatl Working Group on the budget for the Standing Group.
7. Report of the Internatl Working Group on the estab of an Ocean Shipping Planning Board to support defense plans.
8. Any other business.
9. Communiqué.
10. Time and place of the next Session."

[WEBB]

740.5/5–550 : Telegram

The Ambassador in Italy (Dunn) to the Acting Secretary of State

TOP SECRET ROME, May 5, 1950—6 p. m.

1842. In discussing in general terms objectives forthcoming London meeting NAT Ministers, FonOff officials have indicated to us Italian Government intensely interested promotion practical means immediate strengthening political as well as economic collaboration NAT countries. While FonOff has not as yet formulated any specific proposals of own, they feel there is real need immediate, dramatic forward step

in increasing and publicly emphasizing political solidarity NAT powers.

FonOff officials have expressed conviction intensified and continuous consultation on political level needed to promote common and coordinated approach in solution common problems and objectives NAT and believe some permanent organization in political field can and should be established to further this objective. At present, inclined favorable consideration a French proposal establish consultative top level political body. However, officials we have talked to say Sforza,[1] who is out of Rome until later this week, has no firm ideas as to best approach this problem and will probably wait until he has heard US views.

FonOff informs us Sforza seriously considering proposing at London as one concrete step greater NAT solidarity, move toward establishment "common" NAT Army with fullest possible standardization and real unified command.

Embassy is impressed by deep feeling top Italian officials desire Italy play more responsible role in closer collaboration US, UK and France in formulation and implementation objectives NAT. While it would be wrong to say responsible officials harbor actual resentment at continued Italian exclusion from inner councils, there is some discouragement at feeling that perhaps in some quarters London and Paris, Italy still being considered with some distrust and treated as an unreliable and junior partner, this despite most earnest efforts government to pursue faithful and positive pro-West policy in face of daily Parliamentary and press attacks not only from extreme left and right opponents, but also from more moderate nationalist and isolationist elements.

While there absolutely no reason doubt leaders present government will continue staunch supporters NAT policies, failure their acceptance as equal partners with US-UK-French leaders in formulation those policies will in long run weaken them in eyes both of their followers and their enemies. It must further be borne in mind that in present Italian Government leaders US has friends who, in loyalty and cooperativeness, it would be difficult if not impossible replace even from among like-minded members same parties. Therefore every encouragement that they can be given and every policy and gesture on our part which will strengthen their positions cannot help but rebound to our own benefit.

While there is as yet no serious trend toward neutrality in Italy it would seem prudent to take every possible action forestall such tendency (which although presently dormant, has vocal and eminent

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[1] Count Carlo Sforza, Italian Minister of Foreign Affairs.

advocates such as Gronchi, Orlando and Nitti,[2] support from the neo-Fascist nationalists, and of course party-line support from the Communists). Every indication of Italian isolation from leading Western Powers, within NAT, will therefore not only discourage Italian leaders, but at same time encourage advocates of neutrality and Italian isolation from cold war.

Without regard to broad problem of Italy's place in NAT, and in more general European and world political scene, in relation to US, UK and France. I strongly urge consideration possibility at this stage taking Italy into closer confidence and fuller partnership at least in connection common problems of direct and vital interest to Italy. I believe that such a gesture would pay good dividends through even closer coordination and surer support our overall and specific problems. It would also give well deserved encouragement and gratification to personalities who can be counted on to continue to fight courageously for the same purposes and ideals which motivate our own policies.

Sent Department 1842; repeated Paris 223 for the Secretary, London 265 for Perkins.

DUNN

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[2] Giovanni Gronchi, President of the Italian Chamber of Deputies; Vittorio E. Orlando and Francesco S. Nitti, Italian Senators.

740.5/5–1150 : Telegram

The Ambassador in Italy (Dunn) to the Acting Secretary of State

TOP SECRET ROME, May 11, 1950—7 p. m.

2006. Deptel Tosec 148, May 9.[1] I am gratified at Department's concurrence our views [2] re Italy's role in NAT and am confident that Sforza and the Italian Government will respond enthusiastically to any indication from Secretary of increasing confidence in Italy's willingness and ability to contribute to success London meetings and furtherance objectives NAT organization.

Re Department's comment reference telegram concerning Italian inclusion in standing group, it had not been my thought group should be reconstituted this time to include Italians. While at time formula-

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[1] In telegram 148 to the Secretary of State in London, not printed, the Acting Secretary of State said he believed that the Rome Embassy's observations and conclusions in its telegram 1842 merited sympathetic consideration. He added that there was no chance of including the Italians in the standing group. (740.5/5–550)

[2] The views expressed in Ambassador Dunn's telegram 1842, May 5, to the Secretary of State, *supra*.

tion military organization NAT Embassy did consider there were valid and substantial arguments against Italian exclusion, I believe that that decision is a bitter pill which Italians have accepted and that no serious rancor remains concerning matter. Italians appreciate fact treaty limitations and some other considerations might justify decision re standing group and I have not been aware of any strong desire on their part reopen issue now.

While I appreciate administrative disadvantages of too large membership of a study group such as suggested to examine feasibility North Atlantic umbrella organization (Deptel Tosec 143, May 9) or of any specialized or executive group within NAT, I would strongly recommend that most careful consideration also be given to greater and quite possibly much more important psychological disadvantages, particularly with respect to Italy, should group be limited to "Big Three". I am sure that extension to the political and economic fields of the exclusive concept of the standing group of the military organization would have a most discouraging effect on the Italian Government and would certainly not strengthen parliamentary and public support of the objectives of NAT.

Sent Department 2006, repeated London 286 for Secretary and Perkins, Paris 236.

DUNN

396.1 LO/5–1150 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET LONDON, May 11, 1950—8 p. m.

Secto 222. Re resolutions which we intend put forward as US proposal for council action resulting from consideration of Defense Committee and DFEC reports it now contemplated these will not be substantively discussed at ministerial level in present tripartite talks. However, these talks may touch on certain specific issues dealt with in US-proposed resolutions. Substantive consideration of resolutions will come during council session.

We had opportunity today to talk to UK and French at working level re substance of resolutions, it being understood that we would circulate any amendments to proposed resolutions prior to council meeting. UK comments were as follows: re resolution on Council D–4/3,[1] replace third paragraph by following:

"*Urge* the governments of the North Atlantic nations to take action to ensure the progressive build up of defense forces and, in the develop-

[1] See the paper on "Building up the Defensive Strength of the West," FM D A–2/1, section IV, p. 86, in reference to comments on D–4/3 and discussion of D–4/5, D–4/2, and D–4/4 below.

ment of these forces, to concentrate on the creation of balanced collective forces rather than balanced national forces for the defense of the North Atlantic area."

Re resolution on Council D–4/5, substitute new resolution as follows: "*The Council agrees* that there is need for closer cooperation and liaison between the various agencies of NATO and for suitable machinery to be set up to ensure the necessary action and coordination. For this among other purposes it is recommended that new central machinery be established. In addition the Council directs all NAT bodies to take appropriate steps to ensure more concurrent planning and closer coordination between them, and agrees that there should be direct interchange of information between the various principal committees and their permanent working staffs of NATO." Delete last paragraph of subheading *b* under "further steps not called for by the reports from the defense committee and from the DFEC."

French comments were: re resolution on Council D–4/2, in last paragraph delete word "downward"; re resolution on Council D–4/3, in second paragraph delete word "additional"; and in third paragraph delete words "rather than balanced national forces." Re resolution on Council D–4/4, in second paragraph delete that part beginning "but points out" and ending "could be sustained." Re resolution on "further steps, etc.," under sub-heading *a* in first paragraph delete words "United Kingdom, Belgium" and in third paragraph change to read "in all practicable forms."

We are discussing these suggestions with DefRep here. Would appreciate your comments.

UK not disposed press D–4/5 and final amendment. D–4/3 amendment for technical reasons no such segregated appropriations. UK insists no difference in purpose. Believe acceptable. Have questioned French amendments except last two which seem reasonable. Hoyer Millar has agreed to last one. Have suggested Schuman raise in tripartite meeting issue of principle involved in deletion re D–4/4. FYI French and UK negotiating for French payment for Vampires.[2]

ACHESON

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[2] In a memorandum for the Acting Secretary of State dated May 12, 1950, the Director of the Office of Foreign Military Affairs in the Office of the Secretary of Defense, N. E. Halaby, commented on Secto 222 as follows: "Reference Secto 222 from London, May 11, 1950, insofar as military comments on proposed changes are concerned, the Secretary of Defense adheres to the views previously expressed on the subject paper and would prefer non-concurrence with the deletion of the word 'downward' proposed by the French in the resolution by the Council, Number D–4/2. In addition, the Secretary of Defense wishes to express non-concurrence in the British proposed substitute resolution by the Council, D–4/5. The proposal infers that the need of the military for closer cooperation and liaison requires creation of new central machinery." (396.1 LO/5–1250)

740.5 MAP/5–1150 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET LONDON, May 11, 1950—10 p. m.

Secto 228. Rome Embtel 1966, May 9, 1950.[1] Re possibility Sforza may propose formation integrated European army we have been giving consideration to what line Secretary should take in Council.

If Sforza should make proposal, it is believed that he might have some support from other European nations and that US might be placed in somewhat awkward position if we had nothing constructive to suggest. Our tentative thinking is that US should take position that this is in spirit of recognized need for balanced collective forces but that as specific proposal it must be studied on military level in order to determine its feasibility and that it should therefore be raised in appropriate military body.[2]

ACHESON

[1] Telegram Tomap 1966, not printed.

[2] The Acting Secretary of State, in his answering telegram Tosec 191 to London, May 12, not printed, conveyed the following State-Defense message: "Since JCS have not as yet considered such a proposal, U.S. shld not even imply at this juncture that idea has merit. We therefore believe US position shld be that as specific proposal it must be studied on military level in order to determine its feasibility. Pass to CINCNELM." (740.5 MAP/5–1150)

740.5/5–1250

Memorandum by Mr. Walter S. Surrey of the Mutual Defense Assistance Program[1] *to the Under Secretary of State (Webb)*

CONFIDENTIAL [WASHINGTON,] May 11, 1950.

I understand that you have an appointment with the Italian Ambassador on Friday, May 12th, at 4 : 00 p. m.

Mr. Ortona, Counselor of the Italian Embassy, has shown me in confidence a draft of the *Aide-mémoire* which the Italian Ambassador will leave with you.[2] The subject is the possibilities of increasing

[1] Surrey was Consultant to the MDAP and, concurrently, Assistant Legal Adviser to the Department of State.

[2] Under Secretary of State Webb, in his May 12 memorandum of his conversation with Ortona on that date, stated that on receiving the *aide-mémoire* he told Ortona that subject to the limitations of the peace treaty, the United States "was already studying actively and sympathetically the problem of how available Italian productive capacity and manpower could best be used in the mutual defense effort and that we would be glad to take his government's proposals into consideration in our continuing study of the problem" (740.5/5–1250). Webb transmitted the substance of the note to Acheson in London in telegram Tosec 196, May 13, not printed (396.1 LO/5–1350).

Italy's contribution to the defense of the North Atlantic area. The note outlines two suggestions:

1. It is proposed that a working fund, apparently to be contributed to by all participants in the NATO, be established for financing production of military equipment in Western Europe. While the note does not specifically name the United States as a contributor, apparently this is intended. The purpose of such fund is to make possible increased production by a country such as Italy, which, although it has the productive capacity, is alleged not to have the means to finance such production. The view is expressed that increased production of material required for the defense of the North Atlantic area could be produced without violation of the terms of the Treaty of Peace with Italy.

2. The note proposes that the United States procure in Italy material for provision of military assistance to certain countries outside the North Atlantic area but whose security is important to Western Europe. The intention here is that we should pay in hard currency for material produced in Italy for transfer to other countries to which United States military production is authorized, i.e., Greece, Turkey, Iran, the Philippines, Korea, etc. The note points out that in this manner additional hard currencies could be provided Italy which would be available for increased production for the defense of the North Atlantic area. The note optimistically expresses the view that much of such equipment could be produced in Italy at less cost to the United States.

396.1 LO/5–1150: Telegram

The Acting Secretary of State to the Secretary of State, at London

TOP SECRET WASHINGTON, May 12, 1950—7 p. m.

Tosec 190. Repeat to CINCNELM. Info to JCS, SecDef. This is a joint State–Defense message in answer to Secto 222 and CINCNELM's 111926Z.

Ref suggested Brit changes US proposed Resolution for Council action resulting from consideration Def Comite and DFEC reports our comments follow:

1. Re Resolution on Council D–4/3: We always realized no mil appropriations were segregated for def North Atlantic area. We continue to believe, however, that adoption this fin principle useful and constructive specially as otherwise creation of balanced collective forces remains purely mil exercise within previously adopted budgets. Shld prin segregation budgets into NATO and non-NATO chapters be adopted this cld be important step forward. On balance we favor retention original wording without however considering it essential.

2. Ref UK proposal to substitute new Resolution for Council D–4/5 basic request from Mil Comite upon which this Resolution is based did not request that any central machinery be established for their requirements. We feel that the establishment of a central machinery is com-

pletely at the direction of the Council and should not be exclusively linked with the need of closer cooperation and liaison between existing comites. Therefore we do not concur in Brit proposal. Word "necessary" shld be reinstated in sentence to read ". . . direct interchange of necessary info between . . .", as Def concerned with protection strictly mil data.

Ref Fr proposed changes:

A. Resolution on Council B–4/2. We agree may be difficult retain "downward" from legalistic and logical viewpoint as obviously Council not in position prejudge result current review plans. SecDef adheres views previously expressed by JCS and wld prefer nonconcurrence with deletion of word "downward". We feel retention is important.

B. Resolution on Council D–4/3. Agree word "additional" can be eliminated. Re deletion "rather than balanced natl forces" we wld definitely prefer retention as clarifying intent.

C. Resolution on Council D–4/4. Believe it most important Fr proposal be defeated. Deletion in second para that part beginning "but points out" and ending "cld be sustained" wld emasculate entire Resolution (refer our reasoning last para Tosec 135 May 8 [1]). Fr proposal wld again result in placing sole emphasis on econ recovery, etc., and wld defeat our basic intention to induce our NAT partners to reexamine with open minds and in good faith their present fin and econ ability to make addl mil expenditures.

D. Resolution under VI *a*. We favor retention "UK, Belgium" as indicating US not only nation engaging in mutual aid. This helpful MDAP presentation. Insertion word "practicable" weakens resolution. Wld cede latter point to gain first.

WEBB

[1] In Tosec 135 to London, not printed, the following reasoning appeared: "We are concerned lest Fr suggestion 'taking into account necessity maintaining econ fin and social stability' might imply position that Europeans can produce considerably more mil equipment on condition financed by US. We believe such a clause in present context might tend seriously limit re-examination by our NAT partners of their fin and econ potentialities for addl mil exp and that to be acceptable it shld have balancing clause to effect that from now on 'addl econ recovery efforts and addl def measures must complement each other to achieve both stability and security' or some such thought." (740.5/5–850)

396.1 LO/5–1450 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 14, 1950—10 p. m.

Secto 258. Quoted below for your information is French proposed resolution for adoption by Council in nature of general instructions to new central organization under NAT.[1] We have not

[1] Ambassador Douglas transmitted an earlier draft TRI/P/11, of this proposed resolution in his Secto 107, May 3, 1950, not printed (396.1 LO/5–350). The text submitted here is Annex B to MIN/TRI/P/28, p. 1105.

commented on it and do not intend do so unless they press strongly for its adoption in which case it would need detailed study. Defense representatives have seen.

Begin verbatim text: "The Council agrees in particular to bear in mind the following general considerations while carrying out its tasks as defined in Council resolution No. blank:

1. The essential objective of the signatory powers of the NAT is to ensure that their countries shall be in a position victoriously to resist any aggression.

This objective can only be attained:

—By the use and standardization of the most up-to-date material and equipment, products of up-to-date technical progress.

—By the acknowledgement on the part of each country of the necessity for the maintenance of disposable forces for the initial fighting and the character and composition of which forces should be adapted to these types of material and equipment with a view to obtaining maximum efficiency in common defence.

—By the parallel creation of the necessary operational internal structure for the use of these military resources within the framework of common defence.

2. The essential and most difficult problem being that of arms manufacture, it is therefore desirable that the nature and quantity of material and equipment necessary to attain this objective should be decided upon as soon as possible.

3. The production of this material and equipment should be shared out as far as military, economic, and financial considerations permit among the industries of participating nations so that the best results may be obtained in the shortest possible time and at the lowest cost. In this respect, production programmes thus established should constantly be brought up-to-date in order to ensure that the individual resources of countries as regards priorities and speed of production may satisfy to the full the common need.

At the same time the Council agrees that the following questions should be examined as soon as possible:

(*a*) How can balanced collective forces for all the signatory powers of the NA Council best be set up?

(*b*) How should the necessary operational internal structure be at the same time created for the employment of these resources should war break out?

(*c*) How should the financial charges arising from the carrying out of these tasks, taking into consideration the necessity for maintaining their economic, financial, and social stability, be shared out as fairly as possible between the various participating nations?" *End verbatim text.*

Sent Department Secto 258, repeated Paris 849.

ACHESON

396.1 LO/5–1550 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 15, 1950—noon.

Secto 269. First meeting, fourth session North Atlantic Council (verbatims will be pouched soonest [1]) opened at Lancaster House this morning with Bevin welcoming North Atlantic Treaty Foreign Ministers to London. Acheson, US (chairman) responded, noted big workload ahead and suggested Council move along rapidly.

Following press policy agreed, Council to hold public session on Thursday 5:30 p. m. with each Foreign Minister speaking briefly, this to be followed by press conference at which chairman will speak in behalf Ministers, with Ministers in attendance answering questions. Agreed that Secretary General [2] would have drafting group produce each day at close of business proposed communiqué for consideration Ministers. Agreed that in press relations each Minister or delegate briefing national press would not go outside limits established by communiqué.

Item 1. Proposed agenda adopted by Council.

Item 2. Minutes of third session [3] approved.

Item 3. Acheson, (following Norwegian and Canadian suggestions that chairman followed by French and UK Foreign Ministers lead off) said that factors which most profoundly affected the security of the nations represented had developed since last war. At end of war all nations had hoped for unity between powers. That this was not case became clear in 1944 and 1945. Following that USSR engaged in all-out effort in 1947, 1948 and 1949 in building military strength, which strength with all its implications adversely affected Western Powers, while at same time Communist forces in Orient stirred up trouble. Soon became apparent that West required greater military effort, greater economic effort to support military, and greater coordination these from political level. It followed that there was need for concert of policies politically.

It was of utmost importance that in presenting policies of West it be made perfectly clear that they were for defense, for protection

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[1] The verbatim minutes, R–4/1(V)–6(V), of the six meetings ending on the afternoon of May 18 are in the NATO Sub-Registry located in the Department of State, together with summary records of the first, second, third, fifth, and sixth meetings.

[2] Secretary-General of the May Foreign Ministers Meetings and NATO Council Meetings, Charles A. E. Shuckburgh, Head of the Western Organizations Department of the British Foreign Office.

[3] The summary minutes of the third session of the NATO Council, held in Washington on January 6, were circulated in the Council on May 15th as Council Record R–4/1. A copy is in the Department of State NATO Sub-Registry. See editorial note, January 6, p. 5.

of Western cultural institutions, way of life, and never for aggression. Must always speak with confidence re expanding economy and intrinsic strength, this note of confidence justified because although there had been difficulties in the East, West had gone forward. Present effort must be concentrated on strengthening West which is heart of strength and must be directed toward economy and greater industrial production. Hence can only contemplate holding operation in East at this time.

Schuman observed that re military effort there had appeared no new element which would justify relaxation. Berlin tension somewhat lessened while Soviet efforts in East stronger. Could expect pattern of variations and pressure from one area to another with essential force behind never laxing.

French well suited to discuss present situation because for four years has been combating subversive influences in Indo-China, recently heightened by overt Chinese Communist pressure. Clear that main effort must be concerted on Atlantic community level, without giving way in other areas. Western Powers must not be too pleased over accomplishments in organization. Already, reports from defense bodies called attention to need for additional governmental exertion (Schuman would have more to say on this when time came for him to state French position).

In present struggle not only military efforts to consider but psychological factor of utmost importance. Doubt and anxiety existed in all European countries and in other countries about world situation and this factor must be recognized. Need was for calm assurance and confidence while pressing forward in economic and cultural efforts as envisaged under Article 2 NAT, in strengthening Atlantic community. In this connection important not to exclude other nations outside NAT whose contributions to Western civilization were also part of effort to strengthen West.

In summary, lest he be misunderstood, efforts toward strengthening Atlantic security must be emphasized; however, psychological factors must be remembered.

Bevin, UK, spoke with simple eloquence re common ground on which all nations represented stood, with no one country being in position accept responsibility of defending itself or others against obvious threat to Western civilization. Stupendous tasks ahead which must be faced could not be met by preconceived notions, particularly in military field. Although progress had been made it was not enough. Need now was for coordinated Atlantic force in true sense which must be efficient, must have right type of mind in its handling, must have strength, organization and required financial efforts of all to

make the necessary military efforts. Central theme was need to find proper economic solution for supporting military efforts. This most difficult because barriers apparent on every hand. Must be remembered that in past all nations represented had done best to destroy one another and consequently had sewn seeds of suspicion and prejudice which were difficult to overcome but which must be overcome if solidarity and basis for protecting Western civilization to be maintained. These prejudices apparent on every hand, e.g., Germany, and each nation in dealing with one another.

Bevin heartened by broad general view taken by US and Canada re economic problems. Disliked hearing these problems called European economic problems because they were reciprocal, affecting all nations. and were problems of Western hemisphere as well as Europe. Progress had been made with dealing with these in the last few years but much more remained to be done.

There were principles which West should adopt—must resolutely make up minds that the aggression which has been faced in last five years must be halted by firm, stubborn resistance of the nations represented. This meant closer study of each and every manner in which this aggression manifested itself. Communist devices caused outbreaks first one place then another [garbled group] were sources of constant irritation to democratic nations while at same time subversive efforts within nations themselves posed threats. West must determine how to meet that threat in methods it employed.

Conditions which have favored spread of Communism must be rectified with greater economic development expanding industry with attendant well-being and higher standard of living.

The benefits which would flow from these efforts would inspire greater respect for and faith in Western civilization.

Bevin had been encouraged by accomplishments of OEEC which had done good work and had assembled important information which heretofore governments had never given to each other. With little more study and little more rationalization greater benefits and greater strength would result.

Bevin noted that in past, seafaring nations had contemplated oceans as defensive rather than means of unity. However, now the very term Atlantic Community could be symbol of united West. That USSR, if faced with this firm, resolute organization, would not embark on overt aggression he had no doubt, and in building such resolution efforts of all free nations must be assembled. In past, certain nations had endeavored stay out and remain aloof from conflicts. Question now was above this and was whether Western civilization worth fight-

ing for. If so, necessary effort must be made by all enjoying its benefits and adequate insurance taken out.

Present serious problems such as German question, division of world, etc., which constantly faced nations needed continuous study in frame work of adequate organization. In looking forward progress to be made, possible efforts under Article 2 of Treaty, organizing the defense and necessary economic wagers to support it might move slower than hoped. Reason for this was that there had been created new concept, new binding forces, which took small nations and made them equals of large nations and welded all into common effort. It was not old concept of alliance but new one of common defense. It would take while for it to catch on. Hoped that present meeting could result in declaration of faith, principles and aims for all free peoples. Must set goal for them to see and work for in helping mankind and preserving liberties of free world.

ACHESON

396.1 LO/5–1550 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET PRIORITY LONDON, May 15, 1950—11 p. m.

Secto 267. As result three weeks negotiations conducted during past week on daily basis, Bevin, Schuman and Acheson tentatively agreed tonight on following text of resolution on strengthening NAT Council organization.[1] Will be distributed tonight as UK proposal. Appreciate any comments.[2] Have coordinated with Defense representative here.

Begin text: The North Atlantic Council, established in accordance with Article 9 of the treaty, has so far only met twice at the ministerial level and on two other occasions when the Foreign Ministers, members of the council, have been represented by their governments' diplomatic representatives in Washington.

But under article 9, the council is the supreme body of the NAT. It is, therefore, the paramount duty of the council to put itself in a position to exercise its full role as the central and most important of the

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[1] This text was the third revision of the resolution. The first was Annex A to Foreign Ministers Document MIN/TRI/P/28, p. 1103. The second was MIN/TRI/P/29 dated May 13, not printed, which was the same in substance as this text.

[2] In telegram Tosec 213 to London, May 16, the Acting Secretary of State transmitted a State–Defense message approving the text of this resolution with suggestions for two minor changes in wording and a request by the Department of Defense that it be given an "opportunity to comment on any new specific details in connection therewith that may have military implications, before acceptance by North Atlantic Council." Tosec 213 not printed; 396.1 LO/5–1650.

various organs of the treaty by taking the most effective steps to keep public informed of all matters which fall within its competence, by taking the necessary decisions and by ensuring the execution of such decisions.

A year's experience has shown that on the political side the meetings of the council have been too infrequent to permit a sufficient exchange of views on matters of common interest within the scope of the treaty. On the military side, the strategic concept of the treaty has been adopted and a defense plan drawn up, and the corresponding estimate of the necessary forces is being established. The next step is to put these plans into effect by taking further measures in the direction of common defense, the division of finance responsibilities and the adaptation and development of the necessary forces.

In view of this situation, the council will in particular undertake the following tasks:

A. Studying interrelationship of the various programs to support the plans for the defense of the North Atlantic area and ensure coordination of the work of the defense committee, the DFEC, and all other bodies established under the NATO;

B. Recommend to governments the steps necessary to ensure that effect is given to the coordinated plans prepared for the defense of the North Atlantic area;

C. Exchange views on political matters of common interest within the scope of the treaty;

D. Promote and coordinate public information in furtherance of the objectives of the treaty, while leaving responsibility for national programs to each country;

E. Consider what further action should be taken under article 2 of the treaty.

To enable the council effectively to carry out these responsibilities and to exercise them continuously, each government shall appoint a deputy to its council representative. Each deputy shall be in a position to give whatever time may be necessary to ensure that the responsibilities of the council are carried out effectively. In the intervals between meetings of Ministers, the deputies shall be responsible, on behalf of, and in the name of, the council, for carrying out its policies and for formulating issues requiring decisions by the member governments. They shall have the same responsibilities and powers as the council.

To assist the deputies in fulfilling their responsibilities, they shall establish a suitable fulltime organization composed of highly qualified persons contributed by member governments. In setting up the organization, provision shall be made for vigorous leadership thereof.

Member governments will appoint their deputies with the least possible delay in order that agreement may be reached by them, acting on behalf of their governments, on the type of organization required and the qualified persons required. It is contemplated that the deputies, assisted by the organization to be created, should begin functioning [in] the very near future in order that tangible results may be achieved before the next meeting of the Ministers, when the progress made will be reviewed. First priority in the work of the deputies and

the organization should be given to points A and B above. The deputies will meet in blank. [End text.] [3]

Sent Department Secto 267, repeated Paris information 854. Pass to Secretary Defense.

ACHESON

[3] The last three paragraphs of this proposal were revised in Secto 296, May 17, as follows: In the first of these paragraphs, sentence 1, the words "these" and "shall" were changed to "its" and "will," respectively. In the last paragraph, first sentence, the first use of "their" and the word "them" were changed to "its" and "the deputies," respectively. Also, the first use of the word "required" was deleted. In the following sentence, the word "Ministers" was changed to "Council," and, in the last sentence, the word "blank" was changed to "London." (Secto 296, not printed; 396.1 LO/5–1750)

396.1 LO/5–1650: Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 16, 1950—1 a. m.

Secto 270. Re Secto 269. Following are summary high points made by Foreign Ministers this afternoon [1] session agenda Item 3.

Belgium. Three points should be emphasized. (1) NAT principal objective is defense peace in that all signators are against aggression. By defending peace we are rendering world service and are thus able defend our national institutions, heritage, etc. Due great military development USSR last years West faced obvious disequilibrium, obliged take similar action build up defensive capabilities. (2) Effort must be (*a*) common, with each participant making maximum mutual effort in that individual efforts would be disproportionate with needs: (*b*) coordinated, in that although hard work has been undertaken during last year and progress made, it is still short of achieving objective; (*c*) harmonized, not only must effort be in military fields but in economic, social and psychological spheres. Unfortunately priority now must be accorded military; (*d*) sufficient to achieve peace, prevent aggression and meet any threat. (3) Belgian role in this effort will be to make greatest contribution possible in an effort to secure common objective.

Canada. While agreeing with broad objectives, Pearson [2] felt meeting could usefully devote itself to pressing specific questions such as China, Germany, NAT relations with UN. Noted no easing of sense of urgency but at same time no demands for rash steps. Re last year developments cited growth of NA community.

Citing Article 2 expressed hope that mutual obligations assumed thereunder can be clarified and that they can be correlated with broad question of economic cooperation in Western world. Called for increased cooperation and stated his government prepared to do all within its powers.

[1] Second meeting, Monday, May 15, 3 p. m.

[2] Lester Pearson, Canadian Secretary of State for External Affairs.

Denmark. Called for forceful broad declamation avoiding defensive attitude and emphasizing our attachment to peace, justice, liberty, etc. Declaration should endeavor express Western views of democratic, economic and social life. This would be excellent move in cold war.

Elaborated on Canada's reference to Article 2, calling for collaboration with non-NATO countries in economic field.

Iceland. Cited subversive activities of common enemy and called for cooperation and coordination in defense and economic efforts.

Italy. Reverted to tremendous responsibilities signators have assumed. Called Italy now looking east [3] thus cannot compromise present position. Italy having known dictatorships is nevertheless optimistic. Known dictatorships can build military colossus. Such action is miracle which is not long lasting and which democracies can achieve by long and honest work. Emphasized gratitude at apparent Big Three understanding and stated that though all signators equal they require leadership by Big Three. Supported Schuman plea for solidarity in Far East and emphasized its military, economic and psychological importance for the West. Called for (1) rearmament based on strengthened moral force involving re-education of people, (2) working reality of North Atlantic community with close correlation of interests and efforts as sidelight, spoke for some time on Yugoslav situation [4] offering go farthest efforts with Yugoslavia in effort solve this NA sore point. (3) Called for integrated European army and offered go along with other nations in renouncing a part of sovereignty and considering Italian armed forces as integral part of unit.

Refuted argument of Communist strength in Italy. Stated that by determined policy and not suppression Italians brought about complete collapse Communist dress rehearsal revolution this April–May.

Luxembourg. Said NAT is recognition of necessity to return to policy of alliances in face USSR danger and our desire maintain peace. Called for close relation WU and NAT and sacrifices on part of all.

Netherlands. Stated since USSR has shown no desire to cooperate since end war and has steadily increased its forces, we must increase our strength. Nevertheless, possibilities negotiations must not be overlooked and we must answer question how dangerous is present situation and will cold war get hot. This obviously cannot now be answered.

Results Lie's visit Moscow [5] should be examined. (Stikker did not think any effort toward negotiations now would produce results.)

Notwithstanding necessity build up common strength, common meeting place to act as political safety valve must continue in UN and we must maintain that organization. For this reason Netherlands Government recently recognized China. Chinese representative in UN important and Stikker desires indication thought of others on this matter. This led him to plea for coordination political, economic, and military efforts and consultation. Re political coordination need arrangement consult and concert policies UN, China, satellite countries which however should not conflict with existing machinery and might

[3] On an action copy of this telegram 270, received in EUR, the words "looking east" are underlined and a question mark is written in the margin.

[4] Documentation on U.S. policy concerning Yugoslavia is scheduled for publication in volume IV.

[5] For documentation on the recently completed visit to Moscow of United Nations Secretary-General Trygve Lie, see vol. II, pp. 371 ff.

even be merged with it. Re economic coordination should seek implement Article 2 but should not duplicate OEEC. Nevertheless, non-OEEC NAT members should closely coordinate policies with OEEC. Military coordination essential and people now living in fear. Desire see results which must be on common and not individual basis.

Stikker admitted apparent impossibility solve problem sovereignty, defense budgets but said solution required, for only so can freedom be defended.

Norway. Cited emphasis military aspects NAT at time of signature and admitted fear lest military be stressed at expense economic recovery. Reassured however by statement issued Big Three but admitted military efforts cannot be relaxed. Concurrently however joint economic strength must be increased in order maintain military expenditures thereby enforcing political objectives. Concerned over excess anxiety that exists today re peace and risk that Communists may capitalize on this public sentiment. Fears lest cold war be considered by people as permanent and people must therefore be reassured that NAT ultimate objective is peace. Door must be kept open for negotiations and no indication must exist that we are boycotting UN.

If SC is not operative organization before next UNGA danger exists that UN lose universal aspect. UN is psychological organization of great value as symbol of peace and hope and therefore must not be permitted perish.

Norwegian ratification NAT permissible only as instrument of peace in accordance purposes and principles of UN. Pessimism and disillusionment would accordingly result were UN disappear. Furthermore, it is only forum where informal contact permissible USSR. Chinese representative, although presently concern only of SC, will by September become GA problem and accordingly becomes general political problem meriting discussion NAT Council.

Lange [6] continued considerable length re risk NAT isolating itself from public desire for peace and feeling that situation must therefore be kept under constant review. NATO must not assume rigid form and possibility Communists' accuse it of warmongering must constantly be borne in mind.

Portugal. Pled for inclusion Spain in NATO citing geographic and strategic importance Iberian Peninsula and fact Portugal's common defense depends Spanish inclusion.

Secretary then summarized Ministers' remarks as follows:

1. Need for concerted effort economic and defense spheres referring Van Zeeland presentation described above. Stated no question of priority for economic recovery or defense but agreement making sufficient effort hand in hand.

2. Declaration of faith on principles should come out this meeting. Suggested each delegation appoint expert in drafting special statement.

3. Importance of coordinated and intensified effort psychological field. Method must be reached obtain concerted presentation to world and be coordinated lest it hinder individual efforts.

[6] Halvard M. Lange, Norwegian Minister of Foreign Affairs.

4. Coordinate forces for defense.
5. Importance organizational problem which should not duplicate or confuse existing machinery.
6. Miscellaneous questions such as UN, Yugoslavia, and Spain.
7. Unanimous feeling UN must be supported and universal concern danger Soviet boycott. Notwithstanding universal desire strengthen UN, such action should not be taken by yielding to Soviet threats. China problem acknowledged but stability of Far East is also in question and important lest repercussions Europe result. (*End summary*)

Council took action recommended by IWG on Council documents D–4/1; D–4/6; D–4/8; and D–4/7,[7] and agreed on communiqué issued tonight.

ACHESON

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[7] The action recommended on these documents is outlined in the "Detailed Agenda for Conduct of Council Session," undated, from which the following extract is taken:

"*Note for the Chairman:*

"The following paper is for background use of the Foreign Ministers and should not be formally discussed.

"*a.* Council D–4/1—Report of the International Working Group on Review of Progress in Implementing the North Atlantic Treaty in the Year Since Its Signature.

"The following reports of the Defense Committee require only routine Council action:

"*b.* Council D–4/6—Amendment of Paragraph 8g of the Strategic Concept (DC 6/1) [see page 89.]

Portuguese amendment agreed by the Defense Committee. The Council should note the report and agree to the amendment.

"*c.* Council D–4/8—Security System for the North Atlantic Treaty Organization.

"Amendment to the security regulations (para 2, DC 2/1) [not printed] approved by the Defense Committee. It provides clarification of definition of 'COSMIC' material so as to allow flexibility in handling of documents in civilian side of NATO.

The Council should take note of the Defense Committee's report and approve the amendment.

"*d.* Council D–4/7—Implementation of the Security System for the North Atlantic Treaty Organization.

"Report on implementation noted by the Defense Committee. The Council should take note of the report. . . ."

Council Document D–4/8, and certain other NATO documents referred to in summaries of later meetings of this fourth session, not found in the Department of State NATO Sub-Registry.

396.1 LO/5–1650 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 16, 1950—midnight.

Secto 281. Following is summary NAT Council meeting Tuesday afternoon.[1]

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[1] Third meeting, May 16, 3 p. m.

1. Request by DFEC to DC for detailed estimate costs. D–4/2.[2] Council considered US resolution noting request with approval and recording importance Council attached to early completion this work. Debate centered around inclusion word "downward" in second paragraph. Debate brought out that realistic revision would be downward revision as DC had itself made clear. With this understanding it was agreed to delete "downward" and resolution was adopted with this amendment.

2. Report from DC on status defense planning. D–4/3. Council considered US resolution. Debate centered on last five words third paragraph "urges governments NA nations to ensure progressive build-up defense forces and, in development these forces for defense NA area, to concentrate on creation balanced collective forces rather than balanced national forces." Acheson pointed out this resolution went to heart of problem. It pointed out gap between what we have and what we need for defense, urged that planning continue but recognized need for action, urged progressive build-up of forces and creation balanced collective rather than balanced national forces.

2 *a*. Lange favored deletion "rather than balanced national forces" on ground that though principle was good, it could be accepted with equanimity, only if there was assurance balancing done wisely, and in particular, so that each country could be confident that such balanced forces would be used to defend it. He, therefore, wanted some form of commitment, in view Norway's special and exposed position, that surrender certain forces or failure build up certain forces would not leave Norway unprotected.

2 *b*. Schuman also agreed main aim was balanced collective force. But some countries had commitments outside NAT area and this as well as psychological factor should be taken into account. It was also important to have balanced national forces, and this should be complementary not competing principle. He, therefore, also favored deletion.

2 *c*. Sforza agreed Lange and Schuman for military and psychological reasons.

[2] In the case of Council Document D–4/2 and the others referred to below (D–4/3, D–4/4, D–4/9, and D–4/5), the brief description that precedes the documents number is a reasonably accurate abbreviation of its title. For the location of some or all of these documents and U.S. resolutions concerning them (only D–4/5 is in the Department of State Sub-Registry), see p. 87, footnote 5. The resolutions as adopted by the Council are presented in Council Document D–4/12 (Final), May 18, 1950, in the Department of State NATO Sub-Registry. Briefs of these documents are in the "Detailed Agenda for Conduct of Council Session," 396.1 LO/5–1650. Council Documents D–4/2, D–4/3, D–4/4, and D–4/5 are referred to in numbered paragraph 5 of the "Draft Report on Progress . . . ," April 27, p. 72. Council Resolution Nos. 4/1 to 4/9 inclusive, related to the above-mentioned documents and to other means of establishing a more effective machinery under NATO, are in Department of State file 740.5/5–2350 as enclosures to despatch 2527, May 23, 1950, from London.

2 *d*. Stikker agreed with principle common defense but pointed out there were particular situations which should be considered. Referred to Dutch Navy and long-term commitments involved in decision build naval strength. While fully supported principle, needs each country should be studied by permanent body to be set up.

2 *e*. Pearson supported inclusion these words on ground it was quite proper for council recommend to governments best use their available funds.

2 *f*. Bevin thought aim was to build forces which would meet peculiar requirements individual countries in peace time and would give maximum coordinated strength in war. Thought resolution too brief to convey full idea. Two sets of considerations had to be balanced. Without trying to perfect language, thought something like "concentrate on creation balanced collective forces in order to permit disposition of forces satisfactory to peace time needs individual countries and to ensure maximum coordinated strength in time of war" more nearly expressed thought.

2 *g*. Van Zeeland thought words could be deleted as repetitious and that paragraph without these words put emphasis on balanced collective forces.

2. *h*. Acheson thought this issue was (along with agreement on determination to act with vigor on defense problem) most important before Council. Therefore, he did not wish to find words which would cloak real disagreement. This course would doom efforts to frustration from start. There were three things resolution did not mean. First, it did not mean that there might not be situations where balanced national forces might be needed to handle particular or exposed situation. This was matter for military decision. He supposed no wise soldier would say was unnecessary have balanced forces in exposed spot. Second, did not mean any member should not have forces necessary for peace time tasks. Third, did not mean any member should sacrifice forces needed deal with situation in any part world where member had commitments.

2 *i*. Acheson then said resolution did lay down principle which would enable NAT countries get effective defense for NAT area. This was colossal task. No waste or duplication could be allowed if we to hope for success. Resolution did not establish formula determining precisely what forces country should have, but basic principle that aim must be balanced collective forces because that is only thing within capacity our resources. Secondly, this was only principle which would permit doing what was needed in defense field while accomplishing vital economic task. Would be tragic if, in building defense against Communist aggression, inroads on standard living were made which

opened way to Communist subversion. Greatest economy and efficiency necessary to do both things at same time. Thirdly, much of discussion seemed based on belief that pressure would be brought on members to give up something they wanted. Thought on contrary, resolution would help in getting rid of things members really did not need but which were hard to get rid of on national basis.

2 *j*. As to suggestion that balanced national and balanced collective forces not incompatible, this might be true if each country had infinite human and material resources. But members did not and if NAT defense forces were to amount to anything, it was necessary decide whether NAT should concentrate on balanced national or balanced collective forces. Acheson, therefore, urged Foreign Ministers consider this profoundly. Thought it would be better to know where we stood on this issue than to find form of words to cloak disagreement.

2 *k*. Bevin thought there was no challenge to principle stated by Acheson. He thought his suggested revision was more precise formulation this principle. Schuman also thought principle was agreed. Acheson thought US language was perfectly clear but that clarity would be lost if last five words deleted. Resolution would favor balanced collective forces without contrast to balanced national forces and no one would know exactly what it meant. Sforza said he had been persuaded by Acheson. Lange thought US draft could be accepted and transmitted to governments with text Acheson's remarks which perfectly clarified whole matter. Schuman suggested Council defer action until tomorrow. Thought issue was less problem of disagreement on principle than on drafting. Matter carried over.

3. Request by DC to DFEC on examination economic and financial potentialities. D–4/4. Council considered US resolution. Debate centered on last part last sentence "but points out that the making of additional military expenditures must be judged, not only in light of economic and financial conditions, but also in the light of the needs for defense." Remainder having already been deleted in working group. Bevin said language caused difficulty in view language in ERP Act, MDAP Act, and MAP bilateral. Acheson thought nothing in language was incompatible with any agreements with US. Stikker thought question not clear as to which had priority. Acheson replied not question priority but that neither consideration could be ruled out in making judgment. Bevin suggested amendment reading "but points out that while the making of additional military expenditures must be judged in the light of economic and financial conditions, adequate consideration must be given to the needs of defense". Resolution adopted with this amendment. During discussion Pearson spoke at length on question whether this resolution would help break vicious

circle and thought Council should direct DC to produce even rough estimate as first step. He doubted whether DFEC could make examination called for with any fruitful results unless it had at least rough estimate to take as point of departure. He did not press point but wanted it recorded. Secretary supported by Harriman explained our concept concurrent action in order save time.

4. Report from DFEC. D–4/9. US resolution adopted without discussion.

5. Council then considered US resolution on mutual aid.[3] Resolution adopted without discussion after Acheson indicated US, UK and Belgium ready delete reference to them end first paragraph.

6. Council deferred until Wednesday D–4/5 on coordination between agencies of NATO. After approving communiqué, adjourned until 11 Wednesday morning.

ACHESON

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[3] See footnote 2 above for reference to D–4/12 (Final).

396.1 LO/5–1750 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET NIACT LONDON, May 17, 1950—noon.

Secto 284. For MacArthur.[1] Refer Secto 214.[2]

1. We are informally advised Schuman agreement on NAT central machinery [3] conditional acceptance proposed French resolution (Secto 258, May 14),[4] though willing to discuss amendments.

2. Delegate at official level has drafted counterproposal attempting revise French resolution to be more nearly summary actions taken US resolutions and endorsement things already being done.

3. Schuman proposes raise his resolution connection discussions central organization. We would propose that any resolution adopted be prefaced by statement that principles contained reflect experience secured thus far and work done as indicated in reports by NAT agencies, and were to guide them in future activities. Would want to emphasize no intention putting duties on new central organization which are now being performed by Defense Committee or DFEC.

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[1] Douglas MacArthur II, Deputy Director, Office of European Regional Affairs.

[2] Telegram Secto 214 from London, May 10, not printed, indicated U.S. thinking on the type of action that the NAT Council might take on reports of the Defense Committee (396.1 LO/5–1050).

[3] See the "U.K. proposal" in Secto 267, May 15, p. 103.

[4] Resolution on a new NATO central organization. See Secto 258, May 14, p. 98.

4. In this context would propose revise French resolution along following lines:

a. Paragraph 1.

"Essential objective of signatory powers of NAT is to insure that they shall be collectively in position to deter and if necessary resist successfully aggression.

This objective can best be attained: 'by use and standardization of most up-to-date material and equipment capable of being produced in volume;

'By maintenance of forces available for initial fighting, character and composition of which should be adapted to agreed NATO plans, based on most modern material, equipment and techniques, with view to obtaining maximum efficiency in common defense.

'By creation of necessary services and material facilities for the common logistic support of the military forces provided within framework of NAT common defense.' "

b. Paragraph 2 unchanged.

c. Paragraph 3. First paragraph delete in second sentence everything after "up-to-date". Remainder of paragraph 3 revised as follows:

"At same time Council agrees that following questions should be examined as soon as possible by appropriate and responsible NAT agencies:

(*a*) Unchanged.

(*b*) How should necessary services and material facilities be created for employment of these resources should war break out?

(*c*) Either delete the clause 'taking into account economic, financial and social stability' or along lines yesterday's amendment to our resolution add to this clause 'and the needs of defense.' " Prefer deletion as question is one of distribution and not of level.

5. Preparation this counter draft and this message joint with Defense representative. Appreciate response coordinated with Defense as urgent matter, with understanding present evidence indicates important to success of meeting to agree to resolution along these general lines. This counterdraft will probably be discussed informally in working group this morning.

6. Telephone or telecon reply if possible.

[ACHESON]

396.1 LO/5–1450 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

SECRET NIACT WASHINGTON, May 17, 1950—7 p. m.

2367. For Perkins. (Re our telephone conversation [1]) Fol sets forth Def views: The Dept of Def has closely scrutinized Secto 258 and

[1] Record of conversation not found in Department of State files.

Secto 284 with the advice furnished by Admiral Conolly [2] in his 170114Z and 171324Z. (Def strongly maintains views in Tosec 213 [3] and 214.[4]) In its opinion French resolution contains military implications of highest importance. For this reason the Dept of Def feels it most unwise to enter hastily into specific details as to what new central machinery shall accomplish. It agrees that need for work of this body is urgent but shld proceed on basis of coordinated arrangements with NATO financial, production and military bodies. Dept of Def therefore urgently recommends that French proposal not be accepted in any form.

It wld seem that what French have in mind is to try to spell out details of tasks for new permanent machinery as set forth in tasks A and B in Secto 267. Def feels French resolution unduly restrictive and does not properly approach overall aspect of problem.

If it wld be helpful however, Def wld willingly agree to further Council resolution emphasizing importance of tasks A and B along following lines:

"The Council further directs that new central organization proceed as a matter of first priority to consult with appropriate and applicable NATO bodies and determine from an overall viewpoint the specific steps and actions that must be accomplished by NATO in the furtherance of the principles outlined in tasks A and B, (above). It shall formulate the specific tasks which are to be accomplished and initiate these forthwith upon the general concurrence of the Council members."

WEBB

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[2] Admiral Richard L. Conolly, Commander in Chief, U.S. Naval Forces, Eastern Atlantic and Mediterranean; U.S. Representative on the NAT Southern Europe, Western Mediterranean Regional Planning Group (NAT–SEWM); U.S. Navy member of the Joint Chiefs of Staff, Joint Representatives, Europe (JCSRE).

[3] See footnote 2, p. 103.

[4] In telegram Tosec 214, May 16, to London, a State–Defense message signed by Acting Secretary Webb, the following views were expressed: "We do not like proposed Fr resolution (Secto 258 May 4). Not only do we disagree with some of the thoughts as expressed therein (i.e. Statement of 'essential' NAT objective in para 1) but we also think language is in some instances unduly complicated. Def Dept, which has given it preliminary examination, is concerned that Fr may have in mind prematurely opening up a number of important military questions (such as unified command etc.) prior to adequate consideration by JCS." (396.1 LO/5–450)

396.1 LO/5–1750 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 17, 1950—9 p. m.

Secto 293. North Atlantic Council morning May 17 [4th meeting], discussed strengthening of organization using UK draft resolution

(D–4/15 Rev 2) as basis.[1] Text incorporates minor revisions in draft in Secto 267, which are in immediately following telegram.[2] Acheson, opening discussion, said four aspects required consideration: substantive questions of need for further cooperation in political, economic, and information fields; and organizational question of creation of new central machinery. He suggested all four points be handled in course of morning's discussion on document 15.

Bevin introduced paper, emphasized need for giving vigorous drive and direction to NATO.

Lange (Norway), welcomed document and expressed agreement with need for continuing machinery. Referring to tasks proposed in subparagraphs (*a*), (*b*), (*c*), (*d*), (*e*), wished to make clear that, although agreeing first priority should be given to (*a*) and (*b*), others should not be ignored. Commenting on "(*e*) what further action should be taken under Article 2 of the treaty" he emphasized importance of Article 2 and close inter-relationship between political, military, and economic matters. Recently much attention had been given to problem of economic integration of Europe. Need for European integration obvious but alone it would not be enough. He felt in addition, further integration of North Atlantic community required. Otherwise danger of creation of two areas. He felt it important to regard Europe and North America as one unit. However, at present it was difficult to determine machinery required and problem should be studied. It might be that best arrangement would be a Western economic organization composed of the OEEC countries and US and Canada, or might be better to expand Article 2 of the pact. He felt Council could not reach decision now but should set up a special group to study question or ask deputies to do so. Work should be begun immediately, and accordingly suggested if deputies were to do job that paragraph (*e*) be amended to read "study and report on what further action should be taken under Article 2 of the treaty".

Secretary said conclusions of tripartite discussions and subsequent conversations with Pearson had been much the same as that of Mr. Lange, i.e., that no final decision possible at this time and that it was necessary to study question further. Problems were of two types: (1) economic aspects of defense and (2) broader economic aspects of strengthening area generally and bringing US and Canada into close relationship with Europe. With respect to second, answer depended in part on time period considered. Role of OEEC was obviously of great

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[1] The reference here is to the subject matter of the so-called "U.K. proposal" in Secto 267, May 15, p. 103.

[2] The text under discussion in this fourth meeting, referred to below as document 15 (D–4/15 Revision 2), is the "U.K. proposal" as amended by the revisions described in footnote 2, p. 103, and a few other minor changes.

importance in immediate future. President had directed Cabinet as a matter of urgency to review what action required by US now and after 1952. Gordon Gray had been appointed to coordinate this work,[3] and Secretary believed it would be useful to work being done within US Government if there were some European organization with which the US could work closely. The question of the long-term relationship was, however, clearly one requiring much consideration.

Stikker commenting on document expressed full agreement with choice of London as site and need for new machinery but felt it should be left to countries concerned whether they appointed a single permanent deputy or designated deputies for particular meetings. He indicated concern with subparagraph *e*, referring to Article 2 of treaty. He referred to constructive work now being done both by OEEC and Council of Europe, and felt it undesirable to duplicate this work in NATO. OEEC would in any case have to study post-52 problem and he considered that rather than having parallel study undertaken by NATO, it would be preferable to associate US and Canada with OEEC for this purpose. Since role of Germany was obviously of great importance in any study of relationship of Europe to North America, membership of Germany in OEEC was additional reason for study being carried on by that organization. He therefore suggested that subparagraph *e* be omitted and that instead, the NAT Council express its wish that OEEC associate US and Canada with it for study of post-52 relationship.

Pearson, although recognizing number of organizations concerned with economic problems and undesirability of duplication, stressed importance attached to Article 2 by Canada. Although recognizing that OEEC in some respects a broader organization, OEEC was fundamentally a European organization whereas Article 2 related to North Atlantic area. He did not consider Stikker's suggestion of associating US and Canada with OEEC necessarily inconsistent with suggestion that Council consider further action to be taken under Article 2. He considered, however, that it would be inappropriate for OEEC to consider how an article of the pact should be implemented since membership of two organizations was not identical. He emphasized a number of times importance he attached to Article 2 and misunderstandings which would arise if no reference made to implementation of that article in a document of this type. Referring to other questions raised by proposed text, he indicated desirability of maintaining flexibility in composition of Council and questioned identifying Foreign Ministers with members of Council as in paragraph 1. Al-

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[3] Gordon Gray was appointed by President Truman in March 1950 as his special assistant to study and make recommendations to him on U.S. worldwide economic policies and programs. Prior to this appointment, he was Secretary of the Army.

though agreeing with statement that priority should be given to tasks outlined in subparagraphs *a* and *b*, he assumed this would not be interpreted to mean that work on these items need be completed before work begun on others. He queried statement that deputies should "have the same responsibilities and powers as the Council" and referring to paragraph on "full time organization" he inquired whether contributed personnel would be responsible to Council or to their own governments. He also sought clarification on question of whether "vigorous leadership" should come from secretariat or chairman of deputies.

Schuman although agreeing with Stikker that overlapping with existing organizations in particular OEEC should not occur, considered that inter-relationship between economic matters and defense made some implementation of Article 2 desirable. He emphasized need for more cooperation between US and Canada and European members of OEEC and need for some relationship which would outlive ERP. Although relationship of economic and defense questions should be considered under Article 2 he considered economic relationship between the US and Canada and Europe should not be confined to Article 2 relationship.

Van Zeeland considered proposed text sufficiently broad to ensure adequate consideration of work being done by other organizations. Although full use should be made of existing organizations, there were questions of peculiar interest to treaty members which needed to be considered within the NAT framework. Article 2 also covered cultural matters as well as strictly economic questions.

Sforza expressed agreement with Stikker's comments but not his conclusions. Calling Article 2 "one of most precious assets of NAT" he suggested instead of deletion of subparagraph (*e*) an amendment establishing close relationship between Council and existing organizations in order to avoid duplication. He also expressed concern with language in text giving deputies same responsibilities and powers as Council.

Stikker in light of foregoing comments withdrew his suggestion that subparagraph (*e*) be dropped and suggested the Sforza amendment be modified. He felt neutrals would object to "contact between NATO and other bodies" and suggested instead addition of following words to subparagraph (*e*), "taking into account the work of existing agencies in this field".

Lange accepted Stikker amendment and suggested that to avoid any possibility of duplication deputies might consider subparagraph (*e*) through a sub-committee sitting in Paris. Lange suggestion was not commented upon but Stikker amendment accepted by all members Council.

Acheson suggested that other points of obscurity in text be referred to a drafting committee and specifically mentioned sentence stating that deputies would have same responsibilities and powers as Council. As guidance to drafting committee he gave his interpretation, i.e., that on instructions deputies should be able to take decisions on questions before them in same manner and without subsequent reference to Council. This was what had in fact happened in two Council meetings held in Washington at which Ambassadors had sat for other countries. The second point requiring clarification was reference to priority of tasks.

Rasmussen suggested addition of a third minor point and referred to points made by others with respect to "full time organization".

Acheson suggested Ministers have further discussion on matter of full time organization and the proposed "vigorous leadership" before giving guidance to drafting committee.

At conclusion of morning session Acheson suggested Council reconsider question of press conference. He indicated his view that press conference might lead to confusion and that preferable to issue as full a communiqué as possible. In addition, if Council adopted a declaration, chairman might read it to press as a formal pronouncement by the Council.

ACHESON

396.1 LO/5–1850 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET PRIORITY LONDON, May 18, 1950—11 a. m.

Secto 298. Fifth meeting of Council afternoon May 17.

1. Revised UK draft resolution on NATO considered paragraph by paragraph and text as given Secto 297 adopted.[1]

2. In discussion of amended paragraph 6, omitting last sentence to effect that "they (deputies) shall have same responsibilities and powers as Council" Secretary made clear that even with omission deputies under instructions from their governments would still have same powers as Council itself, could act, refer to governments and carry out decisions.

3. In reply to points raised in discussion of new paragraphs 7 and 8 Secretary gave following interpretations:

(*a*) Every country would have deputy but not representative on organization established to assist deputies. Deputies would decide

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[1] For text, see "North Atlantic Council Resolution on Central Machinery," Department of State *Bulletin*, May 29, 1950, p. 831. Telegram Secto 297, not printed (396.1 LO/5–1850).

what persons needed on basis of their qualifications and member government would be asked to make available.

(*b*) Permanent chairman of deputies would be chosen by deputies and could also be removed by them if he proved unsatisfactory.

(*c*) Chairman of deputies would have right to attend meeting of Council and assist chairman of council.

4. Pearson suggested omission of phrase "contributed by member governments" and raised objection that Secretariat so provided would not be international. Proposal countered by Younger [2] for UK with observation that if words stricken out it should be understood that government would pay for those whose services it contributed. Schuman pointed out possibility that deputies would be hampered in choice if national of small country chosen and government of that country called upon to bear costs but also that if words were stricken out other means would have to be found for covering expenses of Secretariat. Vote taken and words were retained. Pearson and Stikker raised question of financial provisions for deputies and secretarial staff. Secretary pointed out that need for budget was something deputies could work out and if they needed help of Council could ask for it. Younger supported. Remainder of paper adopted with slight amendment penultimate sentence.

5. Question of giving NATO resolution to press as communiqué was raised. Schuman queried wisdom of giving information piecemeal and suggested best to reserve until end. He added it might also be preferable to submit to governments before giving resolution to press. Stikker, Lange, Rasmussen and Pearson supported Schuman and it was agreed not to release text until final meeting.

6. Paragraph 4 of US draft resolution on certain reports of Defense Committee and DFEC on coordination between agencies of NATO (Council D 4/5) [3] adopted without objection.

7. Consideration then given to US draft resolution on report from Defense Committee on status of defense planning (Council D 4/3) [3] held over from yesterday. Secretary pointed out that paragraph 2 had given rise to discussion of collective balanced forces (Secto 281). Paragraphs 1 and 2 and last paragraph unchanged. New paragraphs 3 and 4 as follows:

"Realizing that the composition of national forces will have to take into consideration national commitments external to NAT, internal security, and ability to carry out effectively missions assigned in the over-all NATO plan which supports the agreed strategic concept including the immediate urgent requirements of national defense in the event of the outbreak of hostilities.

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[2] Kenneth G. Younger, British Minister of State.

[3] See Secto 281, May 16, p. 108.

Urges the governments of the North Atlantic nations to ensure the progressive build-up of defense forces and, in the development of these forces for the defense of the North Atlantic area, to concentrate on the creation of balanced collective forces rather than balanced national forces taking into account the considerations laid down in the preceding paragraph."

With almost no comment new draft adopted without amendment.[4]

8. Revised French draft of NA Council resolution of general instructions (D 4/14 revision 1, Secto 258)[5] circulated and Schuman made explanatory statement indicating he believed useful and desirable to have such paper because it was Council's task to outline objectives, not only for Council but as guides for deputies. Schuman also spoke later in course of long discussion which followed.

9. He stressed that only Council, for example, could say that by common effort forces for initial fighting must be maintained, et cetera. (Sforza and Bevin among others returned to importance of political directive concerning maintenance by common effort of forces to meet initial attack.) Secretary directed attention to use of phrase "this objective can be best attained" (which had been substituted for "this objective can only be attained")[6] and suggested that language indicating that Council had discussed rather than that Council had reached decision might be preferable. Lange, Pearson and Van Zeeland also expressed doubts as to paper in present form and indicated difficult to accept as instruction. Lange indicated on military aspects he would have to consult Defense Minister. Bech[7] and Sforza agreed in substance with Schuman latter pointing out that Council must take into consideration matters which Ministers of Defense and Chiefs of Staff could not weigh such as political implications involved in psychological factors connected with initial phase of fighting. Bevin spoke feelingly of importance of initial stage and building up "initial force to give good account of itself and hold the fort" while long term plan put into operation. Stressed importance of initial phase (*a*) because of necessity giving people some assurance, and (*b*) possibility that it would make enemy hesitate to start a war. Urged application of same collective principle to initial force as to long term plan. However, Bevin questioned whether precise and clear-cut directive to Chiefs of Staff might not serve purpose better than general resolution.

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[4] The new draft resolution was circulated in the Council on May 17 as Council Document D–4/17 of that date. A copy is in the Department of State NATO Sub-Registry.

[5] May 14, 1950, p. 98.

[6] Compare the wording in the drafts printed in telegrams Secto 258, May 14, p. 98, and Secto 284, May 17, p. 112.

[7] Joseph Bech, Luxembourg Minister of Foreign Affairs.

10. In view of comments Schuman indicated it had not been French intention to impose rigid text especially on technical questions but Atlantic Pact had been signed for over a year and he did not want to leave matters in hands of experts who were inclined to plan for some past war. He concluded with suggestion that further discussion be put off until tomorrow and that language of above mentioned clause might be changed to indicate that "among the most effective methods the Council recommends the following". Postponement agreed to and draft resolution first on agenda for May 18 meeting.

11. Proposed draft declaration (Council D 4/18).[8] In view of lateness of hour Secretary suggested consideration draft declaration be left until May 18 so as to afford opportunity for reflection. Suggestion agreed to.

12. IWG report (Council D 4/10)[9] on standing group budget approved. Secretary pointed out approval of report would not preclude consideration of establishment of budget before next Council meeting as action could be taken through deputies. Report approved.

13. Without discussion IWG report on establishment of planning board for ocean shipping in NATO[10] approved. Younger made one observation to effect that he understood there was general agreement that first meeting should take place in London, and indicated UK would be glad receive delegates and make arrangements through usual channels.

14. Arrangements for public session to be broadcast from 5:30 to 6:30 May 18 described and communiqué covering day's sessions approved.

ACHESON

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[8] "Draft Declaration by the Foreign Ministers of the Twelve Nations of the North Atlantic Treaty," May 17, 1950, Department of State NATO Sub-Registry. See final communiqué issued to the press May 19, printed in Department of State *Bulletin*, May 29, 1950, p. 830.

[9] "International Working Group Report on the Standing Group Budget," May 15, 1950. The report itself is dated May 10. D–4/10 is in the Department of State NATO Sub-Registry.

[10] D–4/11, "International Working Group Report on Establishment of a Planning Board for Ocean Shipping in the North Atlantic Treaty Organization," May 15, 1950, Department of State NATO Sub-Registry.

396.1 LO/5–1850 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 18, 1950—10 p. m.

Secto 308. Sixth meeting of Council, afternoon May 18.

1. Acheson in opening meeting said that before turning to discussion of draft Council resolution (see paragraph 10, Secto 298, May 18)

he wished to make it completely clear that he was in entire agreement with what Schuman and Bevin had said previous day concerning necessity of ensuring adequate defense against initial attack and meeting aggression with determination. Referring to US redraft (D–4/20 text in separate telegram [1]) of the French Resolution (D–4/14, revision 2 [1]), he explained that US draft was an attempt to clarify points which were in minds of Europeans in light of discussion previous day. Schuman thanked Secretary for initial statement which he felt was of utmost importance and withdrew his text in favor of US redraft. He suggested one change which was adopted by the Council, i.e., that subparagraph (*e*) reading "of how the financial costs arising from the carrying out of these tasks can be most equitably distributed between the various participating nations" be amended by the addition of the words "taking account of their economic and financial condition." Bevin inquired whether paragraph (*e*) envisaged establishment of common fund and was assured by Secretary and Schuman that this not involved. With no other discussion of substance, resolution was unanimously adopted as amended.

2. Council then discussed question of communiqué which was approved with minor changes.[2] Text telegraphed separately. Only point of significance in discussion on communiqué was suggestion by Bevin that sentence be added stating that representatives of countries not members of NATO might be invited to participate in shipping board. He dropped suggestion when Secretary recalled that in discussion in IWG it was felt that publication of this point might lead to too many applicants. Bevin requested however that substantive point be clear in record.

3. Council agreed that next session would be held in US before General Assembly with precise arrangements to be made by deputies. Closed session was then adjourned.

4. Council reconvened shortly thereafter in public session. Secretary opening public session, expressed satisfaction with achievements of meeting [3] and read introductory section of communiqué. Other members of council made short statements, text of which released simultaneously to press.

ACHESON

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[1] Not found in Department of State central files or NATO Sub-Registry.

[2] See Department of State *Bulletin*, May 29, 1950, p. 830.

[3] For text of address by Acheson at this final meeting of the North Atlantic Council, see *ibid.*, pp. 829–830. A final statement by Acheson on the overall results of the May meetings of the Foreign Ministers and the North Atlantic Council, released to the press on May 20 on his departure from London, is printed *ibid.*, June 5, 1950, p. 883.

396.1 LO/5–1850 : Telegram

The Secretary of State to the President

TOP SECRET NIACT LONDON, May 18, 1950—midnight.

Actel 13. Webb to pass to President from Acheson. The fourth North Atlantic Council meeting ended tonight with public statements by all Ministers. In opening meetings Foreign Ministers of each of other signatory powers expressed views with respect to the current world situation, as it affects peaceful purposes for which pact was signed, remarkably similar to those of US Government. We were thus able to proceed to attack specific issues with common point of view and with common appreciation of urgency of getting ahead with task of strengthening, politically, economically and militarily, free world, of which 12 Atlantic Pact Powers form so important a part. Meetings have been characterized by recognition of common objectives, by spirit of urgency in achieving them, and by willingness to negotiate with respect to specific means to be adopted for their achievement in order that work may proceed on basis of agreed decisions with minimum of debate. In addition to taking action on number of routine matters Council has reached agreement on following recommendations to governments, or directives to NAT committees, as was appropriate:

1. It has endorsed request from Defense Financial and Economic Committee to Defense Committee "to prepare detailed estimate of finances entailed in preparation of defense of North Atlantic countries setting forth the priorities therein" and has "recorded the importance it attaches to early completion of this project". At same time it has recognized that each estimate should not be considered final until the "realistic revision of force requirements which is expected from the current review of defense plans has been completed".

2. On basis of recommendation from Defense Committee it has urged "governments of NAT to take action to insure progressive build-up, of defense forces" and it has emphasized that in this build-up, with due regard for commitments outside NAT area, countries should concentrate on "creation of balanced collective forces rather than balanced national forces". It has also in this connection emphasized importance of "constant review of military plans and of force and equipment requirements therefore, in the light of most modern weapons and equipment which are agreed upon as standard and capable of being produced in volume".

3. It has noted with approval a request from the Defense Committee to the Defense Financial and Economic Committee that the latter "undertake immediately, concurrently with planning by military and production planning agencies, an examination of the financial and economic potentialities of the treaty nations to support military expenditures for the defense of the North Atlantic area". It has directed the committee in making this examination to "recognize the need to

increase, as a matter of urgency, collective military security against the threat of Soviet military aggression". While recognizing that sound economy is necessary to required defense, Council has pointed out that decisions as to making of additional military expenditures should be made "not only in light of economic and financial conditions but also in light of needs for defense".

4. Council has recognized importance of self-help and mutual aid, contributions which have been made in this field in past, and recommended "that each party make its full contribution through mutual assistance in all forms to achieve that integrated strength necessary for North Atlantic area".

5. Council has adopted resolution[1] for strengthening its central organization, in which it agrees that it will undertake as matters of high importance following tasks:

a. Study inter-relationship of various programs to support plans for defense of North Atlantic area and ensure coordination of work of Defense Committee, Defense Financial and Economic Committee, and all other bodies established under North Atlantic treaty organization;

b. Recommend to governments the steps necessary to ensure that effect is given to coordinated plans prepared for defense of North Atlantic area;

c. Exchange views on political matters of common interest within scope of treaty;

d. Promote and coordinate public information in furtherance of objectives of treaty while leaving responsibility for national programs to each country;

e. Consider what further action should be taken under article two of treaty, taking into account work of existing agencies in this field.

6. To assist Council in performing these additional tasks, it has been agreed that each government will appoint a deputy to its Council representative who shall be in position to give whatever time may be necessary to his duties. These deputies shall select permanent chairman from among their membership under whose leadership they shall establish suitable full time organization of "highly qualified persons contributed by member governments". It has been agreed that this organization should be set up with least possible delay. It has been agreed that deputies will have their headquarters in London where number of NAT committees are located, close to majority of member governments and to ones with most serious problems in increasing their strength.

7. On initiative of the French Government, Council has adopted resolution to guide this strengthened machinery. This resolution sets forth general principles of particular interest to European members of NAT. The substance of the French proposals after redrafting seemed sound to USDel, and after being put in more appropriate form

[1] For text, see Department of State *Bulletin*, May 29, 1950, p. 831.

for Council action they have been unanimously accepted. Four general principles are:

"*a.* The maintenance by parties to treaty, in accordance with agreed North Atlantic Treaty organization plans, of forces, available for combat operations, adequate to resist initial attack;

b. Type and composition of forces to resist an initial attack to be adapted to agreed North Atlantic Treaty organization military plans based on exploitation of latest developments and military technology in order to obtain maximum efficiency in collective defense of North Atlantic area.

c. Standardization to maximum extent practicable and use of most up-to-date material and equipment capable of being produced in volume;

d. Mutual provision within framework of collective defense of necessary services and material facilities for logistic support of collective military forces."

In addition resolution lists five issues on which early decisions are required to implement defense plans. The responsible NAT agencies are asked for advice and recommendations as matter of urgency on problems raised by these principles and issues.

8. The Council has adopted without discussion terms of reference for ocean shipping planning board which had been previously negotiated in Washington with full concurrence of representatives of National Resources Security Board, Maritime Commission and Defense Department. This seemed essential since both military operations and maintenance of the civilian economies of NAT powers are heavily dependent upon adequate merchant shipping.

I shall look forward upon my return to an opportunity to supplement this interim report with whatever further details I can provide you.

ACHESON

700.00/5–1650

Memorandum by the Chief of the Program Staff, Mutual Defense Assistance Program (Bray)

TOP SECRET [WASHINGTON,] May 23, 1950.

Memorandum for the 8.04 File

Subject: Base Requirements in NAT Defense Plans
Source: TSS May 16, 1950.[1]

In referring to the NCS [*JCS*] our recent letter concerning defense facilities in Greenland and the general question of base rights within the North Atlantic Treaty area,[2] the Secretary of Defense expressed concurrence with our view that in many instances the acquisition of

[1] Top secret summary Telac 12 (telegram 12 to Acheson at London), not printed; 700.00/5–1650.

[2] Not found in Department of State files.

facilities and privileges in NAT countries will depend upon the completion of agreed NATO plans setting forth the requirements from a military viewpoint for such facilities or operating arrangements. Accordingly, Secretary Johnson requested the JCS to take the necessary action to insure that the NAT regional defense plans adequately reflect US requirements for military rights. He further asked that, when agreed NATO plans have proceeded to a point justifying a bilateral approach to the country concerned, he be informed in order that final arrangements may be concluded by direct negotiation. This procedure, he stated, should not delay or otherwise alter negotiations now proceeding satisfactorily or those which lie outside the NAT area.

740.5/5–2450

Memorandum by the Acting Officer in Charge of Political-Military Affairs, Office of European Regional Affairs (Knight) and the Deputy Director of that Office (MacArthur) to the Deputy Assistant Secretary of State for European Affairs (Thompson)

SECRET [WASHINGTON,] May 24, 1950.

In the course of a visit at The Pentagon yesterday it was quite obvious that the Department of Defense is concerned about the new NAT central machinery, particularly the possibility that the civilian side of the Treaty Organization may gain undue control over the military planning side.

Apprehension was expressed lest military subjects might be introduced into the Deputies group. Similarly, the hope was voiced that prior to discussion by the Deputies, subjects would be screened to see that from the military viewpoint they were appropriate for discussion by them.

Likewise, it was very informally mentioned that the U.S. Deputy might have a U.S. Military Adviser at his side.

This raises a number of questions, including the possible desirability of obtaining White House approval of our organizational plans for the new central machinery. Unless some such top-level clearance is given there may be serious complications.

759.5/6–950 : Telegram

The Ambassador in Norway (Bay) to the Secretary of State

TOP SECRET OSLO, June 9, 1950—6 p. m.

549. Conversation with Embassy Counselor Foreign Minister Lange confirmed impression prevalent in certain quarters of Danish uneasiness regarding membership in North Atlantic Treaty. Lange said he was well aware that Danes were apprehensive of their exposed posi-

tion and difficulty of defending their territory and that there was undercurrent of Danish resentment against Norway for having drawn Denmark into NATO.

Danish nervousness was increased according to Lange by lack of conviction as to US and UK intentions with respect to defense of Denmark. Danes were worried at apparent inability of British to step up military production and dubious regarding speed with which MDAP supplies would be forthcoming. In general there was misgiving as to benefits to be derived from Atlantic Pact and regret that it had not been possible to organize separate defense alliance for the Scandinavian nations.

As measure to allay Danish anxieties Norwegians were endeavoring to make clear that first line of defense for Norway lay on Danish-German border. Decision had been taken in case of attack to use Norwegian brigade in Germany for primary defense of Denmark by means of withdrawing action in conjunction with Danish and possibly other forces. This might at least give two or three days time in which help could arrive. Lange was hopeful that firm Norwegian attitude and expressed determination to assist Denmark in so far as possible would have some effect in overcoming present Danish dissatisfaction.

Pass Department, Copenhagen, sent Department 549, repeated Copenhagen 18.

BAY

740.5/6–1050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, June 10, 1950—5 p. m.

3278. Secretary from Ambassador; Department pass to Bonesteel and Breithut.

1. WU countries now report able to provide 28 million pounds sterling for financing 33 million infrastructure program, that is, certain support facilities such as airfields, communications and headquarters considered high priority by WU. This represents considerable progress since middle of May when financial availabilities estimated at 20 million pounds.[1]

[Here follow the descriptions of a conditional agreement among the Western Union powers on distribution of the costs of the 33 million pounds sterling infrastructure program and of alternative plans to cover possible shortages on the part of France and the Netherlands.]

[1] In his telegram Repsec 23, June 3, from Paris, not printed, Harriman had called attention to this possible shortage of funds and had recommended a "full scale US effort to break deadlock." (740.5/6–350)

5. In view WU progress outlined above, and of further possibilities fully financing infrastructure without MDAP aid, recommend US await developments and take positive action encourage WU, specifically French and Dutch solve this financing problem among selves. Further recommend that US not at this time offer encouragement that MDAP aid might be forthcoming for this purpose. Recognize consideration and provision MDAP aid other possible advantages: (*a*) advancement NAT planning through relation of a specific WU plan to NAT; (*b*) establishing precedent for provision MDAP aid to meet joint regional requirements rather than on bilateral basis to individual countries. Believe weight should be given, however, to desirability of WU solving own problems so far as possible and to possible delays involved in processing MDAP aid (endorsement high priority by standing group; ascertainment of requirements from and availabilities in, US; changes in MDAP programming; agreements and administrative arrangements if aid given on multilateral basis) which might delay completion of infrastructure program.

6. Memorandum of fuller explanation recent WU developments this question being pouched.[2]

Sent Department 3278, repeated information Paris 1010 for Embassy and Harriman, The Hague 136, Frankfort unnumbered. Pass Heidelberg 150 for Handy.

DOUGLAS

[2] Not printed.

740.5/6–1950

The British Ambassador (Franks) to the Secretary of State

PERSONAL CONFIDENTIAL WASHINGTON, 19th June, 1950.

DEAR MR. SECRETARY: I have had a telegram from Mr. Bevin asking me to convey the following personal message to you:

"I am much concerned about the delays over setting up the Committee of Deputies of the North Atlantic Council. When we discussed this measure in May we all felt that the need to instil vitality into the North Atlantic Treaty Organisation was an urgent one and the thought in our minds was that the Deputies should meet and start their work of co-ordination within a very few weeks. We gave the same impression to public opinion in our communiqué. A month has now passed without anything happening and there is growing pressure here to know the reasons for delay. I am afraid the impression may soon gain ground that our expressions of urgency and determination last month were window-dressing only.

Our military authorities have been conscious for some time of the need to vitalise the Brussels Treaty Defence Organisation and to find methods of co-ordinating its work more closely with North Atlantic Treaty Planning and in particular with the work of the other two European groups. They have worked out proposals to this end, but

naturally feel that they cannot make progress until the Council of Deputies has been established and can be consulted, and the delay over this is therefore holding up their plans and having a depressing effect.

I entirely understand that you may be having difficulties in deciding on the nomination of your Deputy, and I do not want to rush you; but it is clear that the other countries are awaiting a lead from you and that nothing effective can be done until your Deputy is nominated and has taken up his duties.

I am sure you share my view that it would be a most serious thing if the impulse which we gave to the North Atlantic Treaty at our London meeting were to be lost at a moment when great additional efforts by all of us are required to preserve the security of the West."

Yours sincerely, OLIVER FRANKS

740.5/6–2450 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL PRIORITY WASHINGTON, June 24, 1950—1 a. m.

Pls endeavor see FonMin and give him formal notification of designation of Mr. Charles M. Spofford to be Deputy US Rep. to the North Atlantic Council. You should apprise FonMin of full confidence and trust which President and Sec. repose in Mr. Spofford. You should make clear the status of Spofford which will be in fullest sense rep. of US Govt.

[Here follows description of Spofford's tentative plans involving personal affairs and travel leading up to the scheduled first meeting of the Deputies in London on July 31.]

ACHESON

[1] Sent to the Missions in the other 11 nations of the North Atlantic Pact.

740.5/7–550 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET PRIORITY WASHINGTON, July 8, 1950—4 p. m.

117. London for Ambassador Douglas. Urtel 49, July 5.[1] Fol is State–Defense agreed message being sent Mr. Howard by Munitions Board.

"This is a State–Defense message for Mr. Howard.

We agreed special significance our tone and attitude during Copenhagen MPSB mtg which is first NAT gathering since Korean affair broke (London's tel 110 Jul 6 [2]) and that fol shld be used as guidance.

[1] Telegram from Douglas, not printed, in which he expressed concern over the pessimistic note he sensed in reading the documents prepared for the NAT MPSB meeting scheduled for July 12. He suggested that in view of the heightened consciousness in Europe of the importance of mutual defense resulting from the Korean affair (see volume VII), the MPSB meeting "might provide opportunity for US leadership to ginger up NATO." (740.5/7–550)

[2] Telegram concerning the MPSB meeting in Copenhagen, not printed; 740.5/7–650.

A. We must dispel feeling in Eur which followed initial relief over our vigorous action in Korea that we may now become overcommitted in Far East and overlook continued primary importance Eur in struggle against communism. With this in mind you shld take every opportunity to indicate that as result Korean situation US leadership will be even more vigorous and confident, with a view to instilling resolve translate immed MPSB work from necessary initial phase of plans and theory into one of concrete accomplishments. While we realize broad accomplishments depend on work other NAT agencies we feel PWS's reports for mtg overstress these obstacles to further progress. We feel you shld emphasize urgent need for MPSB do all possible find ways and means quickly and economically to fulfill requirements for necessary weapons and equipment and move ahead in fruitful areas, even if limited, where immed progress is possible. We shld be careful that discussion of current production programs be such that it cannot be construed as either direct or indirect acceptance of present level def expenditures all NAT nations as ceilings. Keynote shld be need for greater effort by all. You shld indicate that US is ready to do its full part in cooperative effort.

B. Re specific European fear that Korea will have adverse effect on MDA Title one programs [3] you may unofficially indicate that Exec Branch Govt does not anticipate any overall cutback in MDAP for Eur and in fact if anything some strengthening of it may be result of Korean incident.

C. FYI only. US position re MDAP deliveries to Title I countries is that we shld be careful avoid making commitments which we cannot keep; therefore we must recognize that time of end item deliveries to Title one countries may be affected. Too soon yet be sure of this and extent thereof.

D. We must be careful avoid taking attitudes which cld encourage our Eur Allies to relax their own efforts in belief that US 'now thoroughly alarmed' and will make entire addl finan and econ effort required to build up collective security."

Please pass Bonesteel, Breithut and Vass.[4]

ACHESON

[3] Programs involving NATO nations. Greece and Turkey were referred to as Title II countries, and Iran, the Philippines, Korea, and the general area of China were designated as Title III countries.

[4] Laurence C. Vass of the Office of European Regional Affairs. Vass and Breithut were scheduled to attend the MPSB meeting.

740.5/7–1250

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, July 12, 1950.

MY DEAR DEAN: The European reaction to the steps we are taking in Korea continues to be excellent. However, it is plain that we are in for a long hard job there, and as time goes on it is possible that

some second-thoughts may develop among certain classes in the NAT countries. To keep up the moral "lift" that presently exists, I believe we should recognize the added importance of timely substantive achievements in the NAT organization. I shall be delighted to see Chuck Spofford arrive.

There are two areas for action within the NAT in which we—the United States—have been slow in facing the issues and moving. They concern the establishment within the mutual defense structure of specific command relationships in Europe, and American involvement therein, and the question of commitments of U.S. forces planned to be made available to NAT defense in case of an emergency. Until we are prepared to state our intentions more completely in regard to these two matters, perhaps to the extent of accepting command commitments both for planning and in case of war, and to indicate we intend to put some additional ground troops and perhaps tactical air on the continent in case of trouble, there will continue to be, I believe, slowness and hesitation on the part of the NATO to move forward towards the solution of several important problems. One specific result will be a continuation of the curious, unnecessary and somewhat detrimental schizophrenia which exists as between the NAT and Western Union.

There are three specific objectives which I feel we should be reaching for as rapidly as possible. They are in effect a chain of objectives which must be achieved progressively. They are:

(1) Firstly, genuine merging of the military side of Western Union with the Western European Regional group of the NATO. This must be done to give real physical strength to this geographical area in implementation of the plans and command structure on which WU has made considerable progress. This physical strength requires full U.S. participation in the W.E. Regional group of the NATO.

(2) Secondly, the correction of grievous deficiencies in the command and general staff setup of the French armed forces. All NAT planning must place great dependence on French forces, so something must be done to assure that there is established an adequate French high command capable of operating the French armed forces effectively in an emergency. When full U.S. participation in the W.E. Regional group takes place, and the French command deficiencies are corrected, it will then be possible to build real strength in Western Europe and the way will be paved for reaching our third objective.

(3) The third objective is the utilization of the military potential of Germany.

Trying to put these matters together in a logical sequence, it seems to me that if we join up to the hilt in the WU–NAT Western European group, which implies a preparedness on our part to make the commitments I mentioned earlier regarding participation in command and in furnishing troops, we then provide the basis for tackling the delicate French problem. If we can persuade the French to put their

military house in order—and they do—we then will have got the framework in which real Western European military strength can be developed. And when that has been substantially achieved and actual strength has been developed—and not until then—we will be in a position to consider the rearming of Western Germany.

All of this pattern, I believe, hinges on our taking the plunge regarding U.S. commitments. Recently I sent you a paper [1] given to me by Field Marshal Montgomery in which he very emphatically stated his views on the urgent necessity of improving the real capabilities of W.U. In my letter [1] to you at the time I pointed out that he had expressed personally to me his belief that, until an American is placed in an authoritative position within the command relationships in the Western European group in NATO, it is unlikely that any real military progress can be expected.

We must recognize that entering actively into the military planning and the command arrangements of Western Europe means ultimately placing a U.S. officer in a position of command there. Both the French and the British have repeatedly stated this as a prerequisite to successful military planning in Western Europe. George Perkins has told me of his feeling that our Joint Chiefs of Staff have been somewhat loath to face this issue. Perhaps they are motivated by a feeling of constitutional restraint and again perhaps they are really having difficulty in facing their own internal command arrangements under "Unification." At any rate, I feel that they can no longer delay in taking a cold and objective look at the apparent need for us to accept our appropriate role militarily in the Western European Regional group of the NATO.

You might want to show a copy of this letter to Averell Harriman [2] with the thought in mind that this may be the type of problem he can get his teeth into. Chuck Spofford would be interested too because I think he will find when he gets over here that much of his usefulness will depend on how vigorously the U.S. pushes ahead in its willingness to accept the onerous burdens of leadership as well as the easier ones, especially in the tense situation of the present. I recognize the difficulty in presenting this subject to Defense; however, I feel that we must work much more urgently to put reality into the NATO, and now seems to be the time to start.

You may consider that this letter should go directly into the waste paper basket. If so, I understand completely.

LEW

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[1] Not found in Department of State files.

[2] Harriman left Paris on June 27 to assume on the following day the duties of Special Assistant to the President. Milton Katz succeeded to the post of U.S. Special Representative in Europe, ECA, on June 28.

Harry S. Truman Library, PSF–General File

Memorandum for the Secretary of Defense (Johnson)[1]

TOP SECRET WASHINGTON, July 13, 1950.

The three Secretaries and the Joint Chiefs of Staff submit the following to you in connection with the current arrangements for the carrying out of the North Atlantic Treaty.

(1) The North Atlantic Treaty affirmed the policy of the United States that the defense of the Atlantic area including Western Europe is a vital part of the defense of the United States. The successful carrying out of the North Atlantic Treaty is essential to the defense of the United States and to the fulfillment of the U.S. world leadership.

We believe that the implementation of this policy is as important as the policy itself. Unless the implicit promises which the North Atlantic Treaty holds out to the European peoples are in fact realized the disappointment of the Europeans and the consequent disintegration of the Atlantic community will result.

At the present time General Bradley, acting with the advice of the Joint Chiefs of Staff, is working with the NATO countries on a revision of the NATO Medium Term Defense Plan which provides for the participation by the United States in the Atlantic military force and for the contributions which the other NATO countries will make to this force. This revised Medium Term Defense Plan will require, according to agreed decisions of the Joint Chiefs of Staff, an increase in the size of the United States military establishment as well as an increase in that of most of the other NATO countries. NATO is now preparing an estimate of the forces required and the contributions to be made by each participating country.

Most of the NATO countries find themselves in the position where the charges on their budget which will result from carrying out the Medium Term Plan will be most difficult to bear.

(2) The creation of the forces necessary to make the NATO Medium Term Plan effective, will add materially to the security of the United States. It seems necessary and just therefore that the United States should bear not only the increased cost in its own military establishment but also should aid in closing in the gap between what the other NATO countries will be required to do and what they will be able to do. This then would bring an increase in American military expenditures of these two types.

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[1] Attached to the source text was a memorandum from Johnson to President Truman, dated July 14, which stated that he approved the statements made in this memorandum and urged their favorable consideration.

Similarly in other critical areas, such as Greece–Turkey–Iran and the Western Pacific, it is necessary that the forces necessary to our security be maintained.

It is regrettable that at this time, in addition to the increased expenditures resulting from the Korean war, the American taxpayer should be required to bear an additional burden. On the other hand, we are already bearing a part of this burden in the cost of our own military establishment and our expenditures under MDAP and under the European Recovery Program.

We believe that the principle should be accepted that the United States take on this additional commitment as a part of its own defense and of the Western society of which it is a part. However the undertaking of this additional responsibility should be conditional upon the other NATO countries doing their full share and of satisfying the United States that they are doing their full share. This is not to say that the United States should dictate what they shall do; it is only to say that the United States has the right to specify the conditions upon which it will make its own contributions to NATO.

In the present critical situation encouragement should be given to the countries concerned as to our intention to see that the North Atlantic Treaty and our equivalent commitments in other regions are made realistically effective. An appropriate announcement in the near future would be well timed and exceedingly valuable.

Frank Pace, Jr. *Secretary of the Army*	Francis P. Matthews *Secretary of the Navy*	Thomas Finletter *Secretary of the Air Force*

Omar N. Bradley
Chairman, The Joint Chiefs of Staff

Lauris Norstad *Acting Chief of Staff, USAF*	Wade H. Haislip *Acting Chief of Staff, USA*	Forrest Sherman *Chief of Naval Operations*

740.5/7–2050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET

Paris, July 20, 1950—8 p. m.

385. Embtels 361, 340 [1] and previous. I had talk with Alphand.[2] Suddenness of his appointment has not given him time to set his own

[1] Telegrams 361 and 340 of July 19, neither printed, covered various aspects of the approaching first meeting of the NAT Council Deputies (740.5/7–1950, 330/7–1950).

[2] Hervé Alphand, newly appointed French Deputy Representative to the North Atlantic Council and French Ambassador to the OEEC.

ideas in order and I gathered he would not arrive in London with any precise instructions from his government. Unless some further crystallization takes place tomorrow, I believe French will play early part of meeting by ear. Department will recall that Moch [3] may make brief visit.

Alphand reflected tripartite theme which continues to run strongly here. He mentioned on personal and tentative basis (and I have heard the same idea advanced by Monnet) possibility of establishing in Washington "where the real decisions will be taken" permanent group of three (US–UK–France) high civilians, a sort of inner council which would parallel standing group on civilian level. Not clear where this would leave Council of Deputies.

Without wishing to give more emphasis than entitled to these undigested ideas, I think it would be well if Spofford, before his departure (and Douglas and I) were furnished for possible use Department's views on vesting of increasing responsibility in three powers as evidenced by present trend of French thinking.

Sent Department 385, repeated info London 107.

BRUCE

[3] Jules Moch, newly appointed French Minister of National Defense.

740.5/7–2050 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, July 21, 1950—8 p. m.

399. Embtel 385, July 20. While we fully recognize importance of tripartite consultation on most matters and wish to encourage it we wish definitely to play down tripartite activity in NAT framework. We have consistently made clear to the Fr our strong objection to any "political standing group" and we would certainly not wish any such body established in Wash since this wld completely undermine Deputies, whom we regard as essential spark plug agency of whole NATO machinery. Naturally US–UK–Fr Deputies will have much to discuss and will work closely together but this shld be on strictly informal basis. Less said about it the better.

Pls convey foregoing to Alphand.

ACHESON

[1] Repeated to London as 411.

700.5 MAP/7–2150

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] July 21, 1950.

The President received the Secretary of Defense, Mr. Harriman and me for the purpose of our presenting to him the attached memorandum dated July 21, 1950. The President read the memorandum.

At the request of the others, I then stated to the President that the purpose of bringing this matter before him was to give Mr. Spofford instructions and guidance for his negotiations. His purpose would be to try and get the European members of NAT to make a very greatly increased military effort. In order to do this, it was necessary for him to have some measurement of the size of the effort we hoped that they would make; (2) some measurement of the amount of help which we would give them in attaining this goal, and (3) an idea of what we could do to make available to them designs of weapons.

The President said that he thoroughly understood the purpose of it and asked whether there were any further comments.

Mr. Johnson then underlined the fact that of the sum of money mentioned in the second paragraph, $4 billion should be devoted strictly to military matériel and should not be used for general economic support. However, he developed the idea that it was quite possible that some of the $4 billion could be advanced to European countries as funds to finance the manufacture of military equipment. He was not prepared to say how much could be handled in this way.

Mr. Harriman stated that he had not understood this and that if substantial amounts were advanced in this way, it changed the economic problem of these countries. However, the point was that regardless of the amounts involved, the Europeans would require (1) physical matériel manufactures in the United States; (2) dollars to enable them to make the necessary defense effort since they would be losing essential dollars on which to live and produce on which to make the effort. The President said he thoroughly understood this and was prepared to and did approve the memorandum.

Mr. Harriman then mentioned to the President the fact that if this program was to be undertaken by the Europeans, reaching as it did into years beyond 1952, this Government would have to be prepared to reconsider its decision so far that ECA would end in 1952. The President said he throughly understood this also.

Mr. Johnson remarked that all his advisers told him that it would be totally impossible to get funds for Europe at this time for any purposes other than strictest military equipment. The President re-

plied that he had been successful in more difficult tasks than this and was not at all discouraged at the prospect.

The President said that in approving this memorandum, we all understood that he was approving this as a position for us to take in our negotiation. He had every confidence that whatever came out of this negotiation we would be able to put through. He understood that the figures might be changed both in the course of the discussion and in the course of obtaining legislation and that we must have this in mind. We all told him that we thoroughly understood this.

DEAN ACHESON

[Enclosure]

JULY 21, 1950.

POINTS ON WHICH IT IS NECESSARY TO HAVE A DECISION PRIOR TO MR. SPOFFORD'S DEPARTURE FOR LONDON

1. That the latest staff study by the Department of Defense on force requirement estimates for the Mid-Term Defense Plan will be made available to Mr. Spofford by the Secretary of Defense for his guidance in his discussions on an expanded MDAP program. It should be understood that these force estimates have not been formally approved by the Secretary of Defense but were drawn up as guidance to General Bradley as the U.S. Representative to the Standing Group.

2. That Mr. Spofford is authorized to indicate to the NAT Representatives that the Administration is prepared to recommend to Congress an increased MDAP program of the order of magnitude of 4 to 6 billion dollars additional provided the other NAT countries are prepared to go forward promptly with the necessary measures to implement a program of development of defensive forces of the order of magnitude indicated in the staff study mentioned in paragraph one above. While it must be realized that the additional defense provided by this program is primarily for the security of the United States as well as for NAT defense, it is realized that there must exist some flexibility in the coordination of spending money for purely military purposes and for economic recovery. However, it must also be realized that the principal purpose of this additional sum is to provide additional defense and that to the extent of 4 billion dollars thereof, such 4 billion is related solely to defense.

3. That the United States is prepared to make available to the NAT countries such modern defensive weapons (under adequate security arrangements) as may be determined by the Department of Defense.

As approved by President at Meeting 4:15 p. m. July 21, 1950.

740.5/7–2250 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET U.S. URGENT WASHINGTON, July 22, 1950—1 a. m.

1. The President has proposed a large increase in the US military effort. He has expressed the view that other free nations will also undoubtedly want to increase their defenses and has expressed our willingness to give them further assistance to help them to make their maximum contribution to the common defense. For NAT countries such a program wld be developed in cooperation with them. He will ask Congress for additional funds necessary to "attainment and maintenance of our common strength at an adequate level as soon as it is possible to determine what each nation will need to do."

2. To carry out the major additional US effort which the President has called for, he has proposed an expenditure of 10 billion dollars for US defense, the imposition of substantial additional taxes, and an extensive system of domestic controls. It is our view that the world situation calls for action by other NAT countries which reflects a similar sense of urgency.

3. In order to take advantage of the present momentum and to get started immediately on a program whose execution will of necessity take considerable time, extra efforts will be required of all NAT govts and of entire NAT org.

4. Washington preparing justification for US end item program. Hope to be able to provide tentative estimates of amounts of major eqpt items in US proposed program if required for planning purposes in London as guidance in estimating size and type of production job in Europe. Urgently require by Aug 5 firmest possible statement from European countries [especially UK and Fr who we believe are already working on problem] [2] of nature and extent of increased effort, in terms of increases in both forces and military production, they propose to undertake. Also desire if at all possible some illustrations of major additional production programs they will initiate and for which US assistance will be requested.

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[1] Sent to London (passed to Spofford), Paris (passed to Isaac Stokes, OSR), Brussels, The Hague, Copenhagen, Oslo, Lisbon, Rome, Luxembourg, Ottawa, Reykjavik (for information only), and Frankfort (McCloy, eyes only and information only).

This additional paragraph was included in the message to Ottawa only:

"13. You shld adapt above to Canadian situation. No special US military assistance of MDAP type for Canadian defense effort now contemplated."

[2] The bracketed sentence was included in the messages to Paris and London only.

5. The increased emphasis required for NAT defense will be discussed by Spofford at July 25 mtg of Council of Deps, which we expect to sparkplug this program.

6. You are requested to convey substance of above at highest level in country to which you are accredited and to urge the great importance of beginning immediately to consider the effort which can and shld be made in the light of present international situation, and to examine what the US can do to help.

7. There has been no change in our conviction that our major long-run purpose must be to achieve security, cohesiveness, prosperity and stability in the Western World, and thereby fundamentally and permanently to strengthen it against subversion and aggression. In the short-run, continued, though less rapid, economic recovery is necessary not only to this long-run purpose but also to the immediate objective of increased military strength. Although rearmament will require economic sacrifices and slow the pace of recovery, we do not regard military strength as a different objective, in conflict with these constructive purposes, but, in the light of the current international situation, an essential element in their eventual achievement.

8. As guidance to planning officials you may indicate present Executive Branch thinking is along following lines. This should of course be conveyed in such manner as to avoid any impression that we are attempting to dictate to our friends the action they shld take.

a. Present US military thinking is that there is sufficient information in the NATO military planning to permit firm governmental steps to be taken *now* to increase military forces during the next year or two, which wld be in line with refined final requirements for 1954. FYI Spofford will have available for background use in discussions with reps of other govts if necessary the latest JCS thinking on NAT force requirements.

b. If plans are to be realistically implemented all eqpt for forces required in 1954 shld be in hands of those forces in advance of that date. The sooner the better. In view of the time required between the placing of contracts and final delivery, particularly for the heavier items of eqpt, it is important to place contracts now to the maximum extent possible.

c. It seems to us that each country may need:

(1) To think and act in terms of an effort over the next two years, limited only by (*a*) its ability to recruit, train, and maintain qualified manpower to meet its requirements under NAT planning, and (*b*) the necessity for maintaining during the rearmament phase a tolerable level of consumption and rate of capital investment. We recognize that an excessive diversion of resources to war purposes could undermine the foundation of

military strength, but we believe all countries will have to accept lower levels of consumption than wld otherwise be possible and will have to divert resources from investment in peacetime production to other purposes.

(2) To plan for the maximum military production effort it can make to meet its own requirements, and also those of other countries assigned to it by the MPSB in accordance with its program for concentrating production in the most efficient locations.

(3) To disregard normal financial criteria. We hope further US assistance will facilitate development of a satisfactory arrangement for inter-country transfers.

(4) To make every effort with the cooperation of all govts to put into production the most modern weapons available with the broadest possible areas of standardization, but not to delay the initiation of quantity production.

d. To support the additional forces to be organized and to pay for the military production required to equip them, the following sources of funds may need, in our view, to be called upon:

(1) The maximum possible addition by each country to its own military budgets, by increased taxes, transfer of funds from non-military to military purposes, curtailment of investment programs of a peacetime nature, etc.

(2) The US will provide a substantial volume of the same type of end item eqpt as is currently being provided under MDAP.

(3) The US might be prepared to consider requesting Congress for assistance to maximize the effort of the European countries, particularly in the field of military production, by means beyond those permitted in present MDAP legislation. For example, in addition to the present AMP type program, assistance might be proposed for loss of exports because of conversion to military output, for production in one NAT country for the use of another, and perhaps even to supplement local currency funds directly.

(4) In calculating their dollar resources, countries shld assume the availability of presently planned levels of ECA assistance through 1952 and shld not rule out the possibility that assistance beyond 1952 might be available if their military effort makes it necessary to the maintenance of their economy at acceptable levels.

9. If we are to be of most effective help to them in getting the required job done, countries shld initiate forthwith the preparation of programs of what they can and will do, and of how much US assistance they will need, and for what purposes.

10. While this telegram reflects Executive Branch opinion and cannot commit the Congress, you shld also make clear that the feeling of urgency on the part of the American people is such that, given a vigorous effort on the part of other countries, we are confident that

the requisite US action will be forthcoming. You shld emphasize the extreme importance of immediate action.

11. You and your MDAP staff with help of ECA mission shld consider immediate application above principles to development program for your country, particularly with regard to increased military production in your country.

12. Repeat all future messages this subject to London for Spofford.

ACHESON

Editorial Note

The first meeting of the NAT Council Deputies was held on July 25. Spofford was unanimously elected permanent Chairman. The Deputies decided to meet daily at 3 p. m. and to prepare daily summaries of decisions rather than keep verbatim records. They tentatively agreed to limit communications to the press to official council statements. This information was transmitted from London in telegram 549, Depto 6, of July 25 (not printed, 740.5/7–2550). Thereafter, most telegrams sent from London by Spofford carried a Depto number only.

Much of the detailed coverage of the Council Deputies' meetings, not included in this compilation, is in Department of State file 740.5.

700.00(S)/7–2650: Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, July 26, 1950—7 a. m.

Infotel. Fol reactions recd re Depcirtel Jul 22, 1 a. m.: Brit PriMin Attlee said [2] additional mil effort by UK under active consideration and he would be able provide broad lines increased rearmament and additional financial outlay by Aug. 5. He seemed particularly impressed by our expression willingness make dollar compensation for loss exports pointing out that rearmament program would put special strain on Brit engineering industry which played important role in UK's balance of payments. He felt that if agreement could be reached for more complete exchange technical info and assignment tasks between US and UK it would result in substantial overall saving. Fr Premier Pleven deeply impressed by our approach

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[1] Sent to Brussels, Copenhagen, The Hague, Lisbon, London, Oslo, Ottawa, Paris, Reykjavik, and Rome.

[2] Telegram 494, July 24, from London, not printed; 740.5/7–2450.

and promised statement by Aug 5 of increased effort he will propose for France.[3] Pleven's disappointment over deliveries 1950 MDAP program, however, apparently intensified by attitude of Brit at Brussels Treaty meeting [4] where in his view they had taken negative attitude toward committing ground forces in Europe and had been evasive on air cover. While he saw no difficulty in raising manpower for future agreed Fr commitments he saw no point in taking steps to that end until armament for recruits was in sight and specific agreements as to air cover and logistic support were in existence. Norwegian FonMin said [5] Norway will take all steps possible paralleling other Atlantic Pact countries but because of size and geography does not wish lead parade. FonMin discussing problem immed with other interested cabinet Mins and FonAffsCom of Parliament and will be able give definite assurances before Aug 5. He also said if necessary govt prepared call special session Parliament. He indicated it would be helpful know exactly what steps other Atlantic Pact countries taking and if Parliament's being called into special session where Parliamentary approval of requested assurances is necessary. Dutch FonMin Stikker said [6] he alone in cabinet had advocated stepping up Defense program. He had been violently opposed by Finance Min and otherwise apathetic cabinet and he had recd but feeble support from Defense Min. Emb The Hague's impression of Dutch public opinion however is that mass of people are further ahead in their concern for necessity strengthening European armed forces than such officials as Finance Min. Danish FonMin understood urgently our views and said [7] he would bring them at once to Cabinet's attn. Belgian cabinet members involved with internal problems incident Leopold's return but Emb Brussels hopes stimulate govt's urgent consideration our views.[8] No reactions yet recd from Lisbon, Ottawa and Rome.

ACHESON

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[3] Reported in telegram 419, July 23, from Paris, not printed; 740.5/7–2350.

[4] Meeting of the Defense Ministers at Fontainebleau, July 20, accompanied by their Chiefs of Staff. Also present were Field Marshal the Viscount Montgomery of Alamein, Chairman of the Commanders in Chief Committee, and the three Commanders in Chief.

[5] Reported in telegram 86, July 24, from Oslo, not printed; 740.5/7–2450.

[6] Reported in telegrams 118, July 24, and 127, July 25, from The Hague, neither printed; both 740.5/7–2550.

[7] Reported in telegram 106, July 25, from Copenhagen, not printed; 740.5/7–2550.

[8] Telegram 112, July 25, from Brussels, not printed; 740.5/7–2550. In telegram 140, July 28, not printed, Ambassador Murphy referred to the July 22 circular telegram and said that he had delivered its substance to Van Zeeland who had made an excellent statement of foreign policy concerning it in the Belgian Senate on July 27. Later, Van Zeeland had told Murphy that the Belgian Government was "willing to go as far if not further than any member of the North Atlantic Treaty Organization" in support of President Truman's policy as announced in the July circular. (740.5/7–2850)

740.5/7–2650 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State [1]

TOP SECRET LONDON, July 26, 1950—2 p. m.

Depto 7. Depto 4, July 25.[2] Following French luncheon informal discussion took place. Montgomery led off with strong statement of absolute deficiency of western European planning and inadequacy of ground and air forces. In latter connection he stated no forces capable of resistance in western Europe except two US divisions and mentioned specifically inadequate state of training of French troops. He reviewed divisional ground and air force requirements and stated that three things were required: (1) organization at the national level in connection with which he stressed necessity for general increase in period of military service; (2) reorganization at international level, here he referred to merger of the regions but did not specifically mention director general idea; (3) provision of equipment and again emphasized importance of lengthened military service. Montgomery stated General De Lattre was entirely in agreement with him, and De Lattre later confirmed this in somewhat emotional fashion.

Shinwell stated British Government had been considering carefully problem of increase in its military effort and that he would make statement to Parliament today, indicative that a step-up over two-year period would be proposed. He concluded that Europe could furnish the men but equipment must come from outside.

Moch reviewed at length French political problems in connection with increased military effort, referring to their internal difficulties, necessity for maintaining a standard of living and the bleeding which was resulting from Indo-China. He also stated the problem in terms of material. As to manpower, he said the French would provide their share but must not become the "infantry of Europe".

It was apparent that there was definite division of opinion between ministers and the military, which is probably basis for the failure of Fontainebleau group to make a report to the deputies. I asked what decisions Fontainebleau meeting had arrived at on the basis of

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[1] This Depto telegram and several others that follow in the Depto series are attributed in this compilation to Spofford despite the fact that they were signed by Douglas and seldom stated in the text that they were "from Spofford." Some of the telegrams are in the third person, some in first, but they were apparently all drafted by Spofford or his staff and were his responsibility.

[2] In Depto 4, not printed, Spofford outlined the plans for this luncheon given by the French Ambassador to the United Kingdom, René Massigli, to bring Douglas, Spofford, and Admiral Conolly together with Montgomery, Shinwell, Moch, and French General Jean de Lattre de Tassigny (740.5/7–2550).

Marshal Montgomery's recommendations, in reply to which he observed that ministers were unable take the necessary decisions.

Moch and Shinwell both stated that objective of luncheon was to put me in picture and to let me have their views. They all stated they would be glad to appear before deputies if we should think it desirable.

I took opportunity to restate substance of Depcirtel, July 23 [*22*] and stated that it was urgent we have strongest evidence possible of intentions of the governments at earliest moment as basis for legislation which President was considering.

[Here follows a description of further discussion of a more technical nature between Spofford, Moch, and Alphand following the breakup of the luncheon meeting. John S. Cooper, who accompanied Spofford to the initial meetings of the Council Deputies, took part in this discussion and in the meeting just preceding it.]

Our impression of the whole conference was favorable. It did not appear to be primarily designed to pressure US on reorganization of NATO which was passed over almost completely. Our interpretation of the meeting was that the military and ministers having been in some disagreement at Fontainebleau wished to discuss the problems of manpower and equipment before spreading them on the record of the deputies and to lay the basis for further requests.

[Spofford]

740.5/7–2750 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET London, July 27, 1950—3 p. m.

Depto 13. From Spofford. Eyes only Secretaries of State, Defense and General Bradley. Following is substance of "private" handwritten letter from Montgomery received this morning (Depto 7).

Shinwell believes basis of problem is equipment. Montgomery disagrees and considers organization prerequisite to adequate utilization of equipment. In his view organization falls under three heads:

1. The nations concerned must create organization capable of bringing about effective joint defense in Europe. Such an organization has never yet been established.

2. Within each nation there must be system capable of producing military quota of that nation in accordance with requirements. No nation in continental Europe has such system.

3. There must be setup for command and control able to take charge quickly when emergency begins to develop. This setup must be established now in peace time.

Once properly organized West could begin to develop effective defense; without it we will merely drift as in past two years.

[SPOFFORD]

740.5/7–2750 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, July 27, 1950—10 p. m.

Depto 15. 1. At meeting today, US delegation made following proposal for action by the Council to make earliest possible use of increases in defense funds for military production.

2. Begin proposal:

The US Government has asked the cooperation other NAT governments in each giving it, on a most urgent basis, the firmest possible statement of the nature and extent of increased effort each proposes to make, in terms of increases in both forces and military production. Request was made in order to aid US Government in justifying before the Congress a request for substantial additional funds for military assistance. These initial requests made directly to governments because of extreme urgency with which the information is needed, but it is expected that the NAT organization will be used to the utmost in further developments.

3. In order that the Council of Deputies may address itself to the task of determining how additional funds, to be provided by the member governments, can best and most speedily be utilized to achieve a step-up in the activities of the NAT organization, the following course of action, with particular emphasis on the increasing of military production in Europe, is proposed:

a. Deputies should agree prior to September Council meeting on a recommendation to governments on an initial program for high priority production and the amounts and methods of its financing which will make most efficient use of additional funds available for European military production. This will involve the deputies making agreed recommendations to governments to assure the solution of the problem of transferring from one country to another newly produced military arms and equipment and materials for their production. These programs should be linked with the increase of defense forces now being calculated for the medium term defense plan, the first approximation of these force levels having been approved at The

Hague on April 1st by the Defense Committee. It is therefore recommended that the deputies request the Military Committee, the MPSB, and the DFEC to take action as enumerated in the following paragraphs. This initial high priority program would be designed to avoid any loss of time. It should not be permitted to delay the completion of the tasks already assigned for the development of long-range production and financing plans based on more adequate financing and on the results of work now in progress in other NAT agencies.

b. Military Committee. Through the medium of the standing group to produce as soon as possible and not later than August 15 a report giving a best estimate of additional quantities of highest priority equipment sure to be needed under any version of the medium term defense plan. This estimate should be related, as practicable, to the production categories of equipment established by the MPSB. The report should, so far as possible, include specific indications of the types of equipment, i.e., the precise types of tanks, of aircraft, anti-tank weapons, et cetera required for production.

c. MPSB. The PWS of the MPSB to make a report by 23 August which shall include the best estimate possible in that short time of physical production capacity in Europe which should be utilized for production of items recommended by the standing group under (*b*) above which are currently in production or are planned for production. The foregoing assumes that provision of funds and financial arrangements are being worked out. Insofar as possible this report should also recommend allocations of production of these high priority items as between countries. The action required in connection with formulating this report is not intended to affect the decision of the MPSB taken at Copenhagen to set up end item task forces to accelerate production of narrow categories of high priority equipment. The MPSB and governments should be requested, however, to expedite and facilitate the formation and action of the task forces.

d. DFEC. The PWS of the DFEC to make a report by 25 August recommending specific mechanisms for utilization of the funds made available by all NAT countries for military production in Europe, so as to permit most effective and efficient production.

4. NAT committees involved will be expected to maintain the closest working liaison at all times. The above three reports will be transmitted to the Council Deputies and to the other NAT bodies as soon as produced. The deputies will endeavor, in close cooperation with the MPSB, to consolidate the reports into an initial high priority production program which can be recommended to governments for immediate implementation. These recommendations should also be reported to the Council of Ministers at their meeting in September.

Sent Department Depto 15, repeated info Paris 147, Brussels 22 (pass Luxembourg), The Hague 24, Rome 35, Olso 10, Copenhagen 15, Lisbon 7, Ottawa 4, Frankfort 89, Reykjavik 3. Department pass to US Representative Standing Group.

[Spofford]

740.5/7–2750 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, July 27, 1950—10 p. m.

Depto 16. Report of third session [1] NAC Deputies follows:

1. Continued discussion agenda item 6.

a. Alphand proposed provisional financing arrangements to start production of staple military items. Long-term plans would require pooling of expenses in light each country's financial situation, social conditions, and ability contribute.

b. US introduced proposal reported Depto 15, July 27 stressing desirability using existing NAT machinery to expedite immediate increase in production priority items, and, in event complete agreement could not be reached by other NAT agencies within deadlines set, issues would at least be sharply defined for decision by deputies or NAC.

c. Several times Alphand urged studies should cover physical production capacity and mechanism for use of funds available in US as well as Europe. Spoke in terms of common NAT budget to meet common requirements of NAT forces, implying US production facilities and US funds should be available for production as determined by NAT authorities.

d. Spofford pointed out present need was to put unused production capacity in Europe to use, US already fully using production capacity and converting from civilian uses, and large part US production being made available to Europe through MDAP.

e. Alphand proposed Military Committee also indicate priority infrastructure projects for immediate implementation. Supported by UK. Spofford pointed out complications in defining infrastructure and suggested question would need longer study than possible within proposed timetable.

f. Belgium proposed that, in view long stalemate in type of coordinated planning proposed by US, deputies must reach agreement on paragraph 3(*d*) Depto 15 (financing mechanism) before further action profitable. Spofford remarked action in all agencies should proceed concurrently and experts should be asked study technical, financial matters involved.

g. Replying to question how US proposal fitted in with studies requested Depcirtel July 22, Spofford said latter was US request for broad indication of European military effort in future, former was US suggestion get immediate production under way through use NAT agencies. Two projects not inconsistent or conflicting.

h. Deputies agreed reach final decision on US proposal at meeting afternoon July 28. Chairman PWS–MPSB authorized inform PWS of proposal at meeting morning July 28 without prejudice to final deputies action.

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[2] Third meeting, first session.

2. Deputies agreed recess after Friday meeting until Tuesday, giving time to consult governments.

3. No communiqué issued.

Sent Department Depto 16, repeated Paris info 148. Department pass Secretary Defense.

[SPOFFORD]

740.5/7–2850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, July 28, 1950—1 a. m.

Depto 18. No distribution except as directed by Secretary's office. Alphand called on me this morning[1] at his request and, referring to Ambassador Bruce's communication of the US Government's proposal last week,[2] stated that Prime Minister Pleven had instructed him to communicate to me the French Government's attitude as to certain important principles relevant to the present situation.

He began by referring to our commonly agreed objective of building strength to prevent war and added that in the event of war we were united to win.

He stated that it was the French Government's conviction that it was essential to agree on what is to be defended. Was it to be Elbe? Was it to be area between Elbe and Rhine? Was it to be a beachhead in Brittany, defense of Spain and North Africa or defense of British Isles? French Government was clear that defense must be as far east as possible. French Government found it necessary to insist all agree where line of defense should be drawn. He thought that this question had perhaps not been presented to US in this manner before.

Western Europe itself must be defended and under this principle French Government felt it necessary that actions be taken now to insure initial defense would be successful. This meant additional American and British forces must be sent to Germany to be available along with additional French forces which would be raised. Defense of Western Europe could not be effected unless American and British troops were actually there to help meet initial shock. It would be to no avail if these forces were to be sent after initial attack, because there would be nothing to defend. And, of course, forces in being and on spot would have to be reinforced in order successfully to win the battle.

Lesson of Korea was clear in minds of all Frenchmen and Prime Minister felt it absolutely essential he be able give assurances to French people with regard to aforementioned basic principles, if he

[1] July 27.

[2] Circular telegram, July 22, p. 138.

was to be justified in calling for the additional effort and sacrifices that would be necessary.

Alphand referred to Council's resolution adopted in May (Council resolution 4/8)[3] and said French Government was convinced of necessity for listing equipment which had to be produced, for allocating production of this equipment and for dividing cost of its production. He stated it was essential to abandon perfection and take steps immediately to increase defense strength. His government proposed that initial list be made and quantities determined of those essential items of armament which had to be produced right away. Anything produced now would fall within confines of whatever plans were developed. Work must be undertaken immediately to produce essential armaments necessary to conduct initial defense. This must not be delayed because of unfinished plans as to what forces would use equipment or because of not yet clearly defined methods of financing production. His government thought that urgent items of equipment produced could be put into something of a pool and then apportioned to proper forces as they were developed and trained. But at any rate equipment must be got on spot with no delay.

When I pointed out that in lunching with Moch, Shinwell, Montgomery and Delattre I received impression latter two felt that having equipment was not the answer unless forces were in being and trained to use it, Alphand modified his statement to agree that two must come together.

Emphasizing necessity for preparing list and quantities of vital armaments to be produced immediately, Alphand referred to President Roosevelt's list of 1942 setting forth requirements for "60,000 planes" et cetera.[4] A similar list was what was needed now.

With regard to production of this equipment, each nation must undertake immediately what it can without waiting for perfected plans to be devised as to allocation. Effort initially would not be so great as to be outside bounds of whatever plans were eventually developed.

In regard to financing, French Government intended to propose common fund be instituted, that US make initial contribution thereto, that other nations contribute as soon as possible and details be agreed later as to rules of fund, apportionment of costs, et cetera, moneys contributed immediately to be used to let contracts for producing urgently needed armaments referred to above. French Treasury officials were now working on proposals regarding common fund and he would be ready to discuss those with me shortly.

Alphand said Prime Minister felt matters which he had presented were so important and that the necessity for deciding them soon was

[3] Not printed, but see footnote 2, p. 109.

[4] For the text of President Roosevelt's annual message to the Congress, January 6, 1942, see Department of State *Bulletin*, January 10, 1942, p. 39.

so great that it might require a meeting of the heads of governments or Foreign Ministers, even before the September meeting of the Council. He thought such meeting would be most beneficial, not only because it would produce the necessary agreements but because of impression it would make on all peoples. He was prepared to go to Washington to discuss this and other matters raised.

He stated further French Government's belief meeting referred to above should consider the possibility of establishing something in nature of an international war cabinet and executive body, which would be composed of representatives of US, UK and France, and perhaps two other nations and which would be responsible for direction of defense effort.

Turning to Indochina, Alphand said that this situation was draining life blood from France and could not be dealt with by France's resources alone. French Army now in Indochina must be replaced to large extent with native forces who must be equipped and trained, and French officers and non-coms brought back to France to help build new French Army. This would require financial resources which, when considered from French point of view, were staggering. Since 1945 France had spent 800 billion francs in Indochina. They must have help if situation were to be maintained. Prime Minister had instructed him to inform me French Government requested financial aid for Indochina in amount of 200 billion francs for next two years. This was essential if efforts referred to above were to be carried through.

I assured Alphand substance of his statement would be reported immediately and I would let him know instructions received.[5]

When I inquired as to status of French Government's deliberations on our proposals as to increased level of defense effort, Alphand said he hoped be able give me their answer first part next week.

Sent Department Depto 18, repeated info Paris 150 (eyes only Ambassador).

[Spofford]

[5] For documentation on U.S. policy relating to Indochina, see vol. VI, pp. 690 ff.

700.00(S)/7–2850 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET Washington, July 28, 1950—8 a. m.

Infotel. Fol further reactions recd re Depcirtel July 22, 1 a. m.: Ital FonMin stated his govt determined to build up Ital army and provide

[1] Sent to Brussels, Copenhagen, Lisbon, London, Oslo, Ottawa, Paris, Reykjavik, and Rome.

for its equipment. He declared that Itals also studying every possible contribution they could make to national and mutual defense. FonMin stated cabinet has already approved request by Defense Min for supplemental allocation funds.[2] Canadian FonMin reacted favorably to our approach but he cautioned Woodward [3] that some of his colleagues were still "lagging" re increased defense effort. FonMin stated however that popular demand for greater Canad effort will probably influence cabinet to reconvene Parliament earlier than originally contemplated. In order avoid further opposition and press criticism, he thought announcement re this question might soon be forthcoming. Woodward notes increasing awareness in official Canad circles that Canada's effort has fallen short as compared with UK and other countries. During course recent conversation with US correspondent, Dutch PriMin [4] indicated he now prepared consider further expenditures armed forces and hinted that Dutch also reconsidering possibility offering troops to UN forces Korea. According to correspondent, PriMin impressed by UK offer ground forces and debates Brit Parliament indicating immediate action on UK rearmament. Meanwhile Chapin informed by UK Amb that Dutch PriMin will discuss our defense suggestions with Bevin who is arriving The Hague Mon for Brussels Pact meeting. According to UK Amb, Dutch FonMin suggested conversation since he believes that only person who can fully convince PriMin necessity of prompt action now is another socialist. (Dept infotel July 26, 7 a. m.[5])

ACHESON

[2] This information was conveyed to Washington by Ambassador Dunn in his telegram 450, July 27, not printed (765.5/7–2750).

[3] Stanley Woodward, newly appointed Ambassador to Canada. Woodward conveyed this information to the Department in his telegram 41, July 27, not printed. (740.5/7–2750)

[4] Willem Drees, Prime Minister and Minister for General Affairs.

[5] *Ante*, p. 141.

740.5/7–2850 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, July 28, 1950—8 p. m.

523. Distribution as directed by Secretary's office. Pass copy to Secretary Snyder.[1] I have hesitated before deciding to send such long cable, but since contents give background on Alphand's position in London and represent views in many respects at variance with our own policies think it important our officials be advised of them soonest.

Pleven proposal for common fund under NATO to be made up of national contributions based on national income is reflection of wide

[1] John W. Snyder, Secretary of the Treasury.

acceptance within French Government that NATO should be expanded into real collective defense effort with real central direction adequate for action rather than merely program to step up national efforts with coordinated planning. We understand that the particular idea of a "common fund" is his own which he has held for some time, and which he more or less imposed on his colleagues when he became Prime Minister. No one in French administration seems to have clear conception of how proposal might work in practice. However, there seems to be an astonishing unanimity in the views of French Government officials on the need and reasons for a "collective" approach. This cable attempts to summarize the general attitude on various points as expressed by Minister Finance [2] and other officials in personal conversations. We wish to stress that these views are tentative and personal, and that the French administration is still in the early stages of formulating its specific views and policies.

Disappointment with NAT and MDAP.

Generally French administration is very dissatisfied with the results of the NAT and MDAP. In their opinion, the present combined organizations have given little, if any, guidance on what military production each country should undertake, the amount and kind of rearmament for the existing and additional forces of each country, or on the general concept of interdependent, effective, modern striking forces. The officials interviewed certainly would not admit that "there is sufficient information in the NATO military planning to permit firm governmental steps to be taken now to increase military forces—which would be in line with refined final requirements for 1954." They also seem unanimously convinced that, if NATO continues the policy of asking each nation individually to list its "needs" or to list the nature and extent of the armed forces or military production it has in mind, little progress will be made. They even see real dangers in continuing this "national approach" and wish a really "collective defense" and not just an addition of national efforts. This would involve in their view going much further towards establishing a "common defense" than any approach yet considered within the NATO. One suggestion is that single American civilian, or a small civilian committee headed by an American, be given practically dictatorial powers on rearmament and military production. Another suggestion is that NAT nations should contribute all of present military budgets except for "police forces" to a common budget and that a central NAT committee should direct all expenditures from these

[2] Maurice Petsche.

common funds. Some of the arguments these officials make for such immediate and drastic changes in procedures are set out below.

The "national" approach.

Limitations in funds and in time are common to all the NATO nations. It is all-important that no additional effort be wasted. Yet in their view it will be a miracle if the nations produce the most effective weapons and arm in the most effective manner under a system whereby each nation is more or less left to itself in making decisions on the exact nature of its contributions. The French want a real and equitable pooling of defense based on a percentage of national income or some other yardstick. Merely pooling "marginal" or "supplementary" programs will not be enough. Means must be found for every defense expenditure to be consistent in every way with the agreed common defense. In their view a basically "national" approach can only mean waste, duplication, confusion and in a way be self-defeating because of the false sense of security the wasted effort creates.

When pressed, these officials will acknowledge that urgency requires individual national efforts which cannot wait for a common plan, but they do not admit that this fact is an excuse to delay or to avoid action on the French proposals for a "real common defense". On the contrary, they argue convincingly that for each nation to rush suddenly into enlarged expenditures is the way "to lose time, to lose resources, and perhaps even to lose the war." They use their own country as an example. The French generals would welcome the vote of an additional 200 billion francs in defense appropriations. The generals do not want a "common army." They want the prestige of a "French army armed by French production." Unhappily, the generals would go along the same old way with "war as usual." The additional funds would be used to call up additional men and to arm them as if the purpose were to defend the French Union in isolation from the central need of a common defense against Russia throughout the globe. The end results would not be known for eighteen months or two years; at that time additional divisions, the additional weapons might or might not prove to be the kind of military strength needed. The Western nations cannot build up enough strength in Europe against Russia before the end of two years anyway. It would be far better to avoid this waste and to take time when necessary to be certain that each national effort is useful and mutually supporting. The present French military expenditures already include very questionable if not wasteful items. There is little likelihood that this situation will change unless it is forced by a common defense organization.

The fear of inflation.

France has a special problem which necessitates a "common" approach. The defense effort necessary in France and in Indochina is far greater than the effort French national resources or the government budget can carry. Even the additional 80 billion francs asked by Pleven may lead to inflation. A real deterioration or a "galloping inflation" is something France should not risk. It could only lead to resurgence of Communist strength which could go so far as to render France useless and powerless or, even worse, a liability, in a war with Russia. It will be difficult enough to deal with the "Communist fifth column" in France but, if that "fifth column" regains its power through the new grievances which inflation would bring to French workers, it will be impossible to provide this security which the NAT forces will need in the strategic area of France. France and the other NAT nations cannot risk this development in France if Europe is to be defended as excessive financial effort would not in the last analysis enable France to increase her power to combat Communism externally, and would reduce her ability to combat Communism internally. This is the "game of the USSR." The NAT nations must also recognize that financial stability and a minimum standard of life should be an integral part of the rearmament program.

Pleven's common fund.

The Pleven statement summarized Embtel 458[3] concerning the financing of additional military charges was a reflection of this view. Essentially, it is an idea to spread the inflationary impact of the total military effort on an equitable basis. Pleven proposed that the common defense be financed by the institution of a common fund. This would involve drawing up a common budget for the defense of the Atlantic community. Each country would carry an equitable burden, and each country would make a contribution in line with its economic and financial resources, using its national income or national product as a guide.

The reason for this common financing is that certain countries, because of their geographic or strategic location, or because of the nature of their natural resources and manpower, must, if Western defense is to be carried out in the most efficient way, finance expenditures within their national borders far in excess of what their share would be under national income approach and even in excess of their maximum physical possibilities.

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[3] Telegram 458 from Paris, July 25, not printed, concerning Pleven's statement of that date before the Finance Committee of the National Assembly regarding the economic and financial implications of an increased defense effort (851.00/7–2550).

Accordingly, each country should contribute in its own currency all, or the greater part, of its military budget to a common military budget. This budget, or common fund, should be used to finance the common armaments or military production wherever considerations of strategy or efficiency might dictate. The net recipient countries could then use the foreign exchange received to pay for the imports from the other countries which directly or indirectly would result from the indispensable but excessive military effort that they had undertaken.

France is probably one of the nations where strategic considerations require expenditures greater than her share and greater than she should undertake alone. Pleven's suggestion is designed to make such expenditures possible. A concrete example of this approach already used by the French is the argument that the emergency line of communication to be built through France should not be financed by the US and France alone but by all NAT countries. It may sometimes be difficult to decide which expenditures are for defense and which are not, but equity and efficiency compel that the decisions be made. Inasmuch as the common tasks will be common burdens, it is also necessary that there be an agreed framework within which the decisions can be undertaken in common.

Petsche's views.

Petsche would personally favor a procedure different from that proposed by Pleven, although he is motivated by the same reasoning and would be trying to achieve the same objective. Under Petsche's approach, even though trade controls would presumably limit transactions there would be enough addition freedom in imports to offset the inflationary impact of additional expenditures or at least to spread any inflation that must result. A formula would have to be found to require each nation to make an additional effort to keep inflation under control and thereby prevent abuse. Under such a formula the additional US contribution would be equal to the loss in dollar tourist receipts plus the reduction in dollar exports plus the additional dollar imports needed directly or indirectly to finance the additional military effort. The Finance Minister's advisers do not fully support Petsche's views. First, they do not think that the American Congress would underwrite any balance of payments deficit that might emerge. Second, if the urgent necessity of mutual support did force such a plan through the US, then the US would certainly insist on a strong voice in the internal affairs of the countries concerned. Third, import controls would be maintained just as they are with EPU, and as a result there would be no certainty that inflation would be spread equally.

Pleven's approach could, of course, amount to substantially the same result as the Petsche objective, although it would not be automatic. The French officials are in fact uneasy about our reaction to the Pleven proposal because the latter implies that any additional and supplementary military effort will, in effect, have to be borne by the US. They would have preferred to have Pleven list at the same time a program of the measures which the French Government itself would take to divert "life as usual" to additional military effort. The explanation for not doing this is that, first, no one can decide what France should do in addition until some common decisions in NAT are made, and that second, whatever program is required, it should be introduced only over a period of time. Premature announcements in France that cuts are coming will help the Communists and might lead to a panic, with all the damage to the present financial stability that implies.

European contribution in financing.

The French officials argue that the "national" approach tends to result in the lowest common denominator as far as additional military effort is concerned. Each time that a European nation tries to decide individually how much additional military effort it can safely undertake, it quickly runs into a nearly insurmountable problem of government finance or into an excessive risk of jeopardizing monetary stability. All the European nations are straining their national budgets. France, for example, even at a proposed increase of 80 billion francs, has a nearly impossible task of finding 500 billion francs in reduced expenditures or increased receipts for the 1951 budget. Possible tax increases are limited. Even the prospects for "patriotic" loans from the public are not encouraging. Diversions from other expenditures like war damage reconstruction and investment can provide some resources but, unless other countries take similar steps, a return to autarchic policies becomes mandatory. The limited possible financial contribution can, however, be maximized, first, if all the nations take reasonably the same risks of inflation, second if means are found to use all resources, and third if duplication in expenditures is avoided by effective common direction.

European contribution in production.

While the margins for financial contributions are small, disposable margins in European factories do exist and can be efficiently used to make additional military equipment. The French in particular do not like the idea of Europe's providing the "infantry of Europe" without having the opportunity of making the more pleasant and more economically useful contribution of producing military supplies and equipment. European capacity should of course only be used for the

production of the most modern and effective weapons, and only in those cases where the costs of production would be equal to or lower than the costs in the U.S. Such production would also be purchased out of Pleven's "common budget". The French officials point out that aside from additional military strength, such production would have two beneficial effects: (1) It would take part of the burden off the U.S. and permit the American people to make a smaller sacrifice in reduced consumption; and (2) by supporting employment in a useful and effective way in Europe, would maintain and even increase the level of economic activity and maximize the tax receipts accruing to the European Government, thereby making an increased military budget more feasible.

European contribution in manpower.

Europe also has disposable margins in manpower. Ministry Finance officials did not use any figures but seemed in agreement on the ability of France to call up additional active divisions and to increase the length of duty. They also speculated on the possibility of substantial contributions from Germany, Italy and other countries where unemployment exists. Their unemployed labor could either be used as troops or could conceivably be transferred to countries now fully employed in order to permit mobilization of additional men in those countries.

German participation.

Aside from all the other advantages of a really "common NATO defense", the problem of Germany is enough in itself to compel such action. It would be ridiculous for the other European nations to make substantial, additional military efforts and to cut back normal production and consumption while Germany was permitted to manufacture on a "peace time basis" for its internal consumption and for markets abroad. Nevertheless it will remain politically impossible to rearm German manpower or convert German industry to military production as long as the European peoples see in such action the risk of a resurgence of German military might. A truly common effort is the only way out. If Germans are made soldiers in an Atlantic community army or even a European army, the question will then be viewed in a quite different light. The public acclaim of the Schuman proposal [4] is evidence of the possibility of this approach. Once it is on the books, it should be much easier for the Atlantic community to call on the industrial strength of Germany to help rearm.

Such an approach may run up against the problem that the European nations probably could go much farther than the US and the

[4] For documentation on the Schuman Plan of May 9, 1950, for a West European coal and steel community, see pp. 691 ff.

UK in surrendering control of their defense and rearmament effort to a central body. The French are aware of this fact and acknowledge that it will be more difficult to bury the fear of Germany in a strictly European army than it would be to bury it in an army with a wider basis. However, just as the Schuman proposal or a European federation can be part of a more loosely united Atlantic community, so also could a European army participate in NATO.

French attitude toward rearmament.

Any serious rearmament or mobilization effort must have popular support. This consideration means that French people must believe that we are all really standing together against the threat of aggression. The unanimous view among the French officials referred to above is that the French people will not give real support to a military effort by France if the effort is presented to them as purely French, i.e. a French army, a French navy and a French air force. They have memories of 1939 and even of 1914. While one might criticize this cynicism or despair, it is nevertheless a fact. The majority of Frenchmen do not believe that it would be useful for a purely French army to attempt to defeat a Russian army in Europe. They sense that France can usefully defend herself, or even usefully make an effort to defend herself, only if such resistance is offered by the united armies of an Atlantic group. These officials conclude that over a period of time the indispensable enthusiasm of the French people for an additional military effort can be generated if it is clearly demonstrated that in any war that might come, French soldiers would be dying for something that has a chance to survive.

This is the main reason why the most important plank in French external and internal policy is now that France only has a future as a part of Europe or as a part of the Atlantic community.

Common European economic policies.

It is generally agreed that the common crisis could and should give an impetus to European economic integration. First, if the NAT nations do not carry reasonably equal military burdens and if they do not follow more or less the same economic policies, certain of the countries will have no choice but to turn again toward autarchy. This would mean abandoning trade liberalization measures and leaving the EPU. Second, the best way to utilize existing margins of manpower and production in Europe would be to press on with the Stikker and Schuman "product by product" approach. NAT nations would be less hesitant to allocate basic materials and to reconvert certain factories if it were done on a common and equitable basis. Also high demand of rearmament period in many cases could lessen resistance of affected groups to specialization and actually facilitate establish-

ment of common market in Europe. These officials always stress that emergency measures should be such as to prepare way for "single market on a free economy basis" and not contribute to eventual establishment of separate socialized economies "harmonized" by international agreement.

Re-establishment of internal economic controls.

The Ministry Finance officials have serious misgivings about any effort to attempt to hold inflation within bounds by the re-establishment of a complete system of economic controls. First, they doubt whether such controls could be made effective in light of the experience of the continental countries in the past 10 years and second, many months would pass before such controls could be usefully implemented. They do acknowledge that in France and the other European nations the developing urgency will probably lead to certain "channeling" measures, such as postponement of war damage reconstruction and housing except in critical sectors, postponement of investments, reversal of relaxation of bank credit controls, allocations of certain key raw materials and equipment, priorities for armament contracts, and conversion where necessary of physical plants to produce military equipment and supplies. As a minimum, such restrictions should be comparable to those made by the US. They also mention the likelihood of increasing the hours of labor and increasing the length of conscription for military duty. They are concerned with need to slant all measures to create some feeling of "social justice" in sacrifices and to emphasize maintenance or even increase in standard of living of low-income groups, but have not suggested any concrete program. In general they claim that it is also the "game of the USSR" to try to force the NAT nations to place their economies into real "strait-jackets" which would reduce the net addition to the standard of living and to the military strength that could otherwise be obtained.

Sent Department 523, repeated information London 152, eyes only Douglas and Spofford.

BRUCE

740.5/7–2850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, July 28, 1950—11 p. m.

Depto 20. Report on the fourth session NAC deputies follows:

1. Meeting devoted largely discussion US proposal reported Depto 15. Proposal adopted with following amendments:

a. Deletion "European" in first sentence paragraph 3*a* proposed by Alphand.

b. Paragraph 3*b* amended, as suggested by Alphand, to provide that estimate by standing group should take into account as far as possible the national efforts of NAT countries and military aid programs.

c. UK proposed adding to last sentence paragraph 3*b* "and the approximate dates by which they are required." Amendment accepted on understanding that its feasibility would be discussed with standing group representatives.

d. Alphand proposed (supported by UK) amend paragraph 3*b* to request SG consideration of infra-structure. Spofford repeated substance yesterday's remarks that study this complicated subject would slow up work on main project. On understanding that matter would be discussed with standing group representatives August 1 and would not be permitted interfere with immediate development of military production possibilities, following sentence added: "Standing group shall also be requested to give as soon as feasible an estimate of infra-structure items of equipment and stocks to be given similar high priority."

e. Accepted Alphand amendment deleting words "in Europe" first sentence paragraph 3*c* on understanding US production not to be included in PWS–MPSB study. UK suggested certain possibilities production in Canada should be explored and supported Alphand amendment. Spofford again emphasized immediate problem was to make use unused military production capacity in Europe.

f. Amended paragraph 3*d* by substituting "provisional" for "specific". Accepted UK amendment but adding that PWS–DFEC to be requested make an interim report by August 10. This was substitute for Alphand proposal that deputies themselves recommend provisional mechanism.

g. Alphand proposed amendment paragraph 3*d* by deleting words "in Europe". Spofford explained that if DFEC study was extended to include funds for military production in North America it could not be expected make useful report on main subject of study, that is use of European production capacity. Spofford explained US considering broader and more flexible forms assistance for additional military production in Europe and study should concentrate on this aspect. Alphand withdrew amendment.

h. US proposal approved as amended,[1] unless any deputy raises objection before 11 a. m., July 29 after receiving clean copies.

2. Deputies agreed issue communiqué reported separate Depto 19.[2] As spokesman for deputies, Spofford spoke to press along lines of communiqué.

3. Spofford closed meeting with statement urging deputies, in consultation with governments, to stress importance of replies to US inquiries in Depcirctel July 22, 1 a. m.

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[1] Council Deputies Document D–D/9 Revised, not printed.

[2] Depto 19, July 28, not printed. The communiqué was released to the press at 6:30 p. m., London time, July 28. (740.5/7–2850)

Emphasized that further US actions will depend in large measure on substantial increase in European defense effort.

Sent Department Depto 20, repeated information Paris 162.

[SPOFFORD]

740.5/7–2950 : Telegram

The Chargé in Greece (Minor) to the Secretary of State

TOP SECRET ATHENS, July 29, 1950—noon.

324. I wish draw Department's attention General Jenkins' top secret message L–612, July 26 to JCS.[1] Although I cannot, of course, speak with authority on purely military aspects question raised his telegram, I wish associate myself with fundamental recommendation contained therein that our military policy here be thoroughly and carefully re-studied in light considerations raised by Jenkins. This connection I should state my conviction Greeks have proved on battlefield to be first-class fighters for cause of freedom and their record in past two world wars is incomparably better than that many larger nations including some of those with whom we are now allied in NAT.

Despite our clearly-stated and reiterated refusal sponsor or support inclusion Greece in NAT or similar purely Mediterranean arrangement, our policy toward Greece since 1947 and particularly some Greek interpretations thereof (see e.g. Embtel 309, July 27)[2] have committed us deeply in moral sense to defense Greece against external aggression. However, our deliberate imprecision on this vital point enables informed Greek argue US considers Greece indefensible and expendable. This argument swells ranks of opportunists and defeatists at time when our policy here as throughout world engaged encouraging public as well as officials adopt uncompromising fighting attitude toward communism.

There is, of course, absolutely no question our certain and sure allies here from Pajagoso [*Papagos?*][3] on down would welcome enthusiastically any more formal and concrete indication US determination aid Greece against external aggression. An alteration US policy this direction would also facilitate Greek-Turkish military understanding. We are, of course, not in position here judge whether Russian real or alleged fears encirclement would thereby be increased to more dangerous proportions or whether other disadvantages make adoption of General Jenkins' recommendations impracticable.

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[1] Telegram from the Chief of the Joint United States Military Aid Group to Greece, Maj. Gen. Reuben E. Jenkins, scheduled for publication in volume v.

[2] Not printed.

[3] Field Marshal Alexander Papagos, Commander in Chief of Greek Armed Forces.

If, however, generally favorable decision is reached these recommendations, it might be appropriate US advocate extending NAT include Greece and Turkey. If this not possible, I would like suggest Department to consider advisability US proposing that Greece and Turkey be invited participate in meetings members Mediterranean section NAT. This partial step it seems to me might be undertaken without encountering kind of opposition from other NAT countries that might be expected to full membership NAT for Greece and Turkey. Locally particularly with military circles this partial measure would be almost as efficacious as full membership NAT always providing the military means were made available complement increased US commitment implied thereby.

MINOR

740.5/7–2950 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET PRIORITY LONDON, July 29, 1950—midnight.

Depto 22. Following is substance statement I made Deputies meeting yesterday:

Begin. I should like make few remarks as we close this session. Presume many of you will return to seats your government, and think might be useful if I make resume my governments position re principal matter discussed here—how we can all best meet need for extraordinary efforts build up our defenses.

I have told you that your governments have been requested, as matter urgency, to indicate what increased efforts they contemplate taking to step up defense. I have stressed extreme importance we place on receiving reaction this request. I have told you that President US has already asked Congress for 10 billion for strengthening American armed forces. I have told you that he is prepared ask very substantial additional funds for military assistance to other NAT countries. It is proposed these additional funds will enable US increase its present arms aid and assist NATO countries in production and transfer arms. Action that Congress US will take on this request, will depend in large measure on assurance that other NAT countries are prepared take substantial steps toward commensurate action.

You have seen report Standing Group.[1] Its conclusions are clear. We have before us inescapable fact that defensive strength available

[1] Report by the Standing Group of the Military Committee to the Council Deputies on the status of defense planning within the NATO. In this report, Council Deputies' Document D–D/4, the Standing Group recommended that the Deputies convince the governments of the NAT nations that they should take immediate action to increase the total effective combat forces they planned to have in being on July 1, 1951, as a first step towards implementing the defense of the North Atlantic Area. D–D/4 not printed.

in North Atlantic commmnity is deficient, and further that scale of build-up these forces that has obtained since inception of treaty has been likewise entirely inadequate.

Decision taken by my country, greatly to expand its defense effort, while it does not imply full mobilization, is nevertheless of such great magnitude that President has recognized it will call for sacrifices—that it cannot be undertaken in spirit of "business as usual".

We have agreed that time for initial planning and perfectionism is past. Necessary decision is not whether we shall act, but how fully and quickly we will act to meet requirements which are known to all of us.

US has acted and is prepared act further to carry its full share of our mutual defense burdens. But US cannot and will not, carry total increased burden. Strength of economy of US, like that your countries, is vitally important. But important fact underlying whole concept NAT is something greater than that of economics. It is principle of *mutual* defense—mutual aid, self-help and faith in each other that each is doing and will do his full part.

All of us recognize importance preservation strength of economies your countries. But all of us have come to point where we must pay heavy insurance premiums or risk total losses in civilization-destroying conflagration.

I mentioned earlier that like your legislative bodies Congress of US will scrutinize most carefully President's request for substantially increased funds for military assistance other countries but in discharge of its responsibility to take this extraordinary action it will necessarily inquire as to extraordinary action taken by countries for which aid is intended.

US recognizes that full development potentials your countries to meet defense problem cannot be realized over night. There are implications of most profound political and social extent inherent in problem. But problem cannot be met except by extraordinary means; all information before us makes that clear. Our principal job, as deputies, seems to me to be make these facts just as clear to our governments.

My government asked your governments for such indications as can be given of their reactions to need for greater efforts for defense. It has asked for this indication in shortest possible time—by August 5. I hope that those of you who return to your capital cities will help to limit possible in formulation adequate responses by your governments in challenge which faces us. *End.*

Felt here that strong statement desirable before Deputies left for consultation governments, also considered that may be of some help to you in establishing legislative record.

Sent Department Depto 22, repeated information Paris 165, Rome 39, Lisbon 11, Brussels 27, The Hague 27, Copenhagen 18, Oslo 13, Ottawa 6, Luxembourg unnumbered.

[Spofford]

700.00(S)/7–3150 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, July 31, 1950—3 a. m.

Infotel. Fol further reactions recd re Deptcirtel July 22, 1 a. m.: Ital Defense Min [2] has informed Emb Rome that he has already given orders that Ital land forces be brought up to full strength of 250,000. He had recd cabinet approval for additional commitment of 50 billion lira for army in fiscal 1951 and expects authorization for small amounts in 1951 for navy and air forces. He expects to place orders immediately for arms and supplies needed for ground forces. He also said that he is increasing efficiency of training schools. He is concentrating on building up ground forces at present and needs of air force and navy will have to come later. He was categorical as to ability of Italy to meet any internal uprising and he said that if any threat as to security of country arose Govt intended immed to place under detention principal agitators who might be leaders in attempts to sabotage or weaken Govt's efforts.[3] Although Belgian cabinet engrossed over internal situation arising from Royal question, Belgian FonMin Van Zeeland has emphasized to Murphy that Belgian Govt is willing to go "as far if not further than any member of North Atl Treaty Org" in support of additional mil effort.[4] Emb The Hague reports [5] that top Dutch officials are undecided whether to present cabinet with revolutionary plan fundamentally altering most major postwar econ-financial policies and shift to all-out defense effort or speed up formation combat divisions and make additional mil production effort as yet unspecified. Dutch appear uncertain whether US and other Atlantic Pact countries adopting all-out effort. Emb believes there is serious possibility FonMin Stikker would resign from cabinet if Netherlands response to our approach is not vigorous. Luxembourg Govt in complete agreement with principle of our approach and PriMin has assured Leg Luxembourg immed discussions within Govt aimed at elaboration arms program.[6] (Infotels July 26, 7 a. m. and July 28, 8 a. m.)

ACHESON

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[1] Sent to Brussels, Copenhagen, Lisbon, London, Oslo, Ottawa, Paris, Reykjavik, Rome, and The Hague.

[2] Randolfo Pacciardi.

[3] This and related information was transmitted to Washington in telegrams 449 and 451 from Rome, July 27, not printed (765.5/7–2750 and 765.001/7–2750, respectively).

[4] This and related information was transmitted to Washington in an unnumbered telegram of July 24 and telegram 140 of July 28 from Brussels, neither printed (755.5 MAP/7–2450 and 740.5/7–2850, respectively).

[5] This and related information was transmitted to Washington in telegrams 141, 142, and 147 (in particular) of July 27 and telegram 149 of July 28, none printed. These telegrams are in Department of State file 740.5.

[6] Information transmitted in telegram 12 from Luxembourg, July 29, not printed (740.5/7–2950).

740.5/7–3150 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, July 31, 1950—7 p. m.

Depto 26. No distribution except as directed by Secretary's office. Alphand sent me over weekend what he described as résumé of French Government's views which he had given me July 27 [*28*] (Depto 18) but which is considerably more specific on various French ideas. Rough translation given my immediately following telegram. French text being mailed Perkins. See also paragraph 7 Todep 12.[1]

Bruce will be better able than I to estimate how seriously French Government takes these sweeping demands of Alphand's. My initial reaction is to consider them maximum French demands on various subjects which will have to be dealt with in orderly manner by various NATO agencies rather than by tripartite meeting. Alphand recognized Indochina not within NATO competence but stated he wished me to know French thinking on it as relevant to their position here. I shall of course avoid discussing it.

Sent Department Depto 26; repeated Paris 173 Ambassador's eyes only.

[SPOFFORD]

[1] July 27, not printed. Paragraph 7, in raising some question as to whether the French proposal for a financial pool would solve the basic problems, requested details on the proposal and the views of Spofford and other governments concerning it. (740.5/7–2750)

740.5/7–3150 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, July 31, 1950—7 p. m.

Depto 27. No distribution except as directed by Secretary's office. Following is translation Alphand's paper:

1. It must be recognized that defense of Continental Europe in accordance with a plan and methods to be determined in common constitutes a basic element of defense of West. Organization of this defense is indispensable to maintenance of peace, supreme objective of free world.

2. Defense of Western Europe will require that aggressor be contained as long as necessary to permit mobilization of war potential of democracies. It is therefore necessary to have on Continent an air and land force adequate to meet initial shock. This force, if it is to be established within a few months cannot be set up by efforts of Con-

tinental states alone. US and UK must participate in initial battle with a certain number of units whose equipment would be stored on Continent and whose personnel would in part be on spot and in part ready to proceed to Continent with very brief delay.

It is also necessary to provide in advance for infrastructure and means of transport as well as arrangements in depth for movement of mass formations and supplies (*articulation en profondeur pour la manouvre des masses et des ravitaillements*).

Finally, Atlantic mobilization plans must assure rapid constitution of strategic reserve force to relieve covering force.

3. To achieve these goals, it is essential to determine without delay:

(*a*) Nature and quantity of matériel necessary. It is advisable to study and select without delay most modern equipment actually in existence in participating countries and to assure maximum standardization possible without delaying rearmament. In immediate future, provisional list of equipment to be produced in any case should be drawn up and production undertaken without delay.

(*b*) Allocation of production, taking into account available production capacity, location of factories, and possibilities of transportation in time of war of raw materials and end items.

(*c*) Equitable allocation among participating countries of financial burdens inherent in these tasks.

4. Allocation of burdens could be assured by establishment of common fund in which each country would participate in accordance with its capacity and particular situation. This fund would be intended to cover such expenses in common interest as would be determined (including, for example, accumulation of stocks).

5. Special position of France must be emphasized. She is ready to take part in supplementary effort required by recent international events, but it must be considered that France is fighting in Indochina in common interest, that she must assure security of French union and that she must meet at home menace of an important fifth column. Her financial effort must not provoke monetary economic and social situation leading to internal disintegration, thus accomplishing enemy's designs without his having to act directly.

6. In order not to delay certain expenditures of extremely urgent character (for example those for operational infrastructure) during negotiation of common fund, it is suggested first contribution be agreed to by all states in position to make one immediately, especially US. This initial contribution would subsequently be adjusted in conformity with rules adopted on definitive allocation of burdens.

7. At present, France alone is carrying in Indochina considerable burdens in common cause. Expenditures from 1945 to date for Indochinese campaign have exceeded Marshall aid counterpart. These expenses will be increased in establishing armies of Associated States.

Accordingly, financial assistance from US is necessary in addition to material assistance already requested. In order to pursue our effort and especially to equip local armies in Indochina, we think amount of indispensable financial assistance can be estimated at approximately 200,000,000,000 for next two years.

8. NAT defense organization itself should be quickly adapted to general policy thus defined. Existing organization must be simplified and reinforced and duplication eliminated. We must work toward strong and compact organization which could act with speed and authority necessary, particularly in managing common fund. This problem of organization should be studied immediately.

9. The terms of a general agreement covering determination of common policy and strategy and problems of armament production and finance should be taken up without delay. Such an accord undoubtedly will require a meeting between US, British and French Governments. It would be useless to hold such a meeting without serious preparation and assurance of success. To this end, the French deputy is ready to hold necessary preparatory conversations either in London or in Washington.

Sent Department Depto 27; repeated information Paris 174 Ambassador's eyes only.

[Spofford]

740.5/7–3150

Memorandum by the Secretary of State on a Meeting With the President

TOP SECRET [Washington,] July 31, 1950.

Item 2. The Position of Germany in the Defense of Western Europe

I reported to the President that in accordance with his directive to me we had been doing a great deal of thinking about this subject in the Department. I wished to lay before him certain general ideas, not for any decision on his part but to learn whether he thought we were thinking along the right lines.

I said that in some quarters there was a thought that the question of whether or not Germany should be rearmed should be brought to the President through the Security Council for decision and that after this decision had been reached, work should proceed on methods. It seemed to us that this was the wrong way to go at it. The question was not whether Germany should be brought into the general defensive plan but rather how this could be done without disrupting anything else that we were doing and without putting Germany into a position

to act as the balance of power in Europe. It seemed to us, for instance, that to create a German General Staff in the German Army and a German military supply center in the Ruhr would be the worst possible move, would not strengthen but would rather weaken Western Europe and would repeat errors which had been made a number of times in the past. The President said that he agreed with this view and gave illustrations of the mistakes which had been made along this line from Napoleon's time on.

I said that we were thinking along the lines of the possible creation of a European army or a North Atlantic army. Such an army might be made up in part of national contingents and in part by recruits from a number of countries who could act under a Central European or North Atlantic command. German economic power might be integrated with the production of the other Atlantic powers so that it would not be a separate and complete source of military equipment, but would have to operate with the others. In such an arrangement, Germans might be enlisted in a European army which would not be subject to the orders of Bonn but would follow the decisions reached in accordance with the North Atlantic Treaty procedure.

I asked whether such an inquiry would seem useful to the President. I warned him that there might be many difficulties developing. The President expressed his strong approval of this line of thought and directed us to proceed along these lines. I told him that the results of such work would come to him in an orderly way through the National Security Council in the event that it proved practicable after further study.

Editorial Note

President Truman on August 1 sent a letter to Sam Rayburn, Speaker of the House of Representatives, transmitting a supplemental estimate of appropriation for the year 1951 of $4 billion to provide military assistance to foreign nations. For text of the letter, see Department of State *Bulletin*, August 14, 1950, page 247.

740.5/8–150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, August 1, 1950—7 p. m.

591. Pass Snyder, Harriman, Katz and Foster.[1]

[1] U.S. Secretary of the Treasury John W. Snyder; Special Assistant to the President W. Averell Harriman; Milton Katz, U.S. Special Representative in Europe (ECA) and U.S. Representative on the North Atlantic DFEC; and William C. Foster, ECA Deputy Administrator.

1. Katz and myself had meeting last night with Pleven, Moch, Petsche, Parodi,[2] Alphand, Guindey, Director of Foreign Financial Relations of Ministry of Finance, and Director of Exchange Controls Calvet. Calvet is also a member of Pleven's personal cabinet.

2. Katz stressed the determination of the Administration, Congress and people of the US to develop as speedily as possible a system of Atlantic defense that would enable the western world to resist any Soviet aggression. We regard western Europe as the free world's military priority. To this end we have embarked upon an ambitious program what will entail large sacrifices on the part of our citizens. We are ready and willing to share many of the fruits of this program with our European friends but we demand in return on their part the acceptance of a degree of sacrifice proportioned to our own sacrifices and to their resources.

3. Katz explained that yesterday afternoon or today President Truman was expected to ask Congress for an appropriation of $4 billion as an addition to European rearmament. (At the time of this meeting we had not yet received Department's Todep 11.[3]) He said that he was familiar with the French desire to establish a common fund which would in effect constitute a pool of reserves to which the respective pact participants would contribute and from which they would draw financial provisions. He stated, however, that because of the legislative history of the MDAP Act it was exceedingly doubtful that this or preceding US appropriations of a like nature could be allocated in whole or in part to such a common fund. He added, however, that through offshore purchases, and other devices much of the financing contemplated in the common fund idea could probably be achieved.

4. Katz eloquently set forth the deep seriousness of purpose which animated our resistance to Soviet attempts to enlarge their conquest at the expense of free peoples. He also pointed out that Soviet subversion of the minds and spirits of western Europeans could only be countered by the fixed and definite will of Europeans to disregard such blandishments and to expose their falsity. He recognized that the security of Western Europe at the present time was negligible in comparison with Soviet military strength and therefore it was imperative for us all to concert our plans to place the Atlantic world in a posture calculated to preserve its peace against external aggression.

5. Pleven expressed his recognition of the sacrifices to which Americans were consenting and his admiration for the magnitude of our efforts. However he was deeply disappointed that the French

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[2] Alexandre Parodi, Secretary General, French Ministry for Foreign Affairs.

[3] Telegram for Spofford sent July 27, 8 p. m., not printed, discussing President Truman's tentative plans for submitting to Congress his request for $4 billion additional military assistance (740.5/7–2750).

desire for the establishment of a common fund could apparently not be met because of the legislative terms and history of the proposed US appropriation. This would make a real collective effort and common forces much more difficult. He said that his government did not consider this was purely a financial question, but was inclined as well to stress its psychological implications and its significance in facilitating real central direction of combined defense. The French had for long furnished the bulk of the infantry of Europe. During the first world war they had manned 700 of the 800 kilometers of battlefront. During the interval between wars they made great efforts and sacrifices to construct the Maginot line and maintain what they thought was the most powerful land army in the world. Nevertheless, they had been overwhelmed by the superiority of the Germans in equipment and numbers; they had vainly looked to their allies for any significant infantry assistance; one and a half million of their soldiers had been incarcerated for years in prison camps; and the people of France felt that they would not again be willing to support the major share of the burden of land war in Europe, unless they were assured that massive mutual support from their allies would be on the spot upon the outbreak of hostilities.

6. Pleven said that the NAT powers can never hope to attain necessary degree of efficiency in armament production merely through coordination of several national defense efforts. Real standardization of armaments, lowering of costs, and economic division of labor can be achieved only under a common program administered by a common defense authority. In support of this argument, Pleven pointed out that defense budget of USSR is certainly no greater than the combined total of defense budgets of the NAT powers. Yet because defense efforts of the USSR are concentrated under control of a single authority, it has been possible for Russians to create and maintain an effective military establishment, whereas with an equal amount of material and financial resources allocated to defense, the Western powers have dissipated their energies in maintenance of national military establishments with high overhead costs and duplication of activities.

In France, and indeed in all of Western Europe, the problem is to give peoples the feeling that the defense effort being undertaken is worth sacrifices which will be required because it is an efficient effort and one which will successfully forestall or resist Communist aggression. The French people will be more willing to accept the increased taxes and other sacrifices which are necessary if they know that proceeds of such taxes are going to benefit a common defense program. In fact a good approach psychologically to the problem would be for

all the participants in NAT to levy a uniform tax (for example on postage) with express understanding that the proceeds would automatically go to the common authority.

A common authority would place US in better position to exercise preponderant role which it must play in the Atlantic defense effort. This approach would deprive Communists of opportunity urge sabotage of the defense effort by workers because it was being carried out on orders of American "imperialists." As participants in a common authority, the European governments would be able to combat such propaganda more effectively.

The French people and even the French Government have no confidence in purely French ability create effective military establishment or to withstand aggression. Adoption of the common approach to the problem of defense would have salutary effects on French opinion in this respect. Furthermore it would be easier for French Government to force reorganization of French Army under orders from a common authority. Career military personnel in France have successfully resisted efforts for really effective reorganization until now and can undoubtedly continue to do so if the problem is kept on the national plane.

7. Petsche again outlined his views on necessity common efforts maintain financial and economic stability during period when stepped-up defense efforts will be placing constantly greater strains on economies of NAT powers. He supported Pleven wholeheartedly in view that "autarchy" of a purely national approach in defense was as wasteful for Europe as autarchy in economic policy. He said that for his part he was already prepared agree to the transfer of a substantial part of existing French military appropriations to a common defense budget of NAT powers. Funds so transferred would be spent by decision of the common authority without intervention of the French Government. He stressed power of the purse to enforce unpleasant decisions.

8. Moch mentioned that present plans for effective defense on either the Elbe or the Rhine required that NAT powers have available 18 divisions in continental Europe on a war footing, 16 additional which could become engaged in battle within three days of the outbreak of hostilities and 22 which could be mobilized within one month. He went on to say that he considered it absolutely essential for both military and psychological reasons that additional British and American troops be stationed in Germany or France.

Moch thinks that the common approach is the only formula under which the French people could be brought to accept participation of Western Germany in NAT defense effort. Memory of three

German aggressions against France is still vivid and spectacle of recreation of the German military establishment as one unit of NAT defense effort carried out on a national basis would cause alarm and probably engender grave political consequences in France. Moch estimates that over a four-year period the military role to be played by France as suggested by the Brussels pact powers would cost equivalent of eight billion dollars in capital outlay, and a huge sum for annual pay, maintenance of forces, etc., representing amounts impossible for French to furnish.

9. Summing up Pleven and Moch both said that regardless of whether their suggestions were accepted by the other participants, they were proceeding to expand French military facilities by placing equipment orders in large amounts.

Sent Department 591, repeated info London 170, Frankfort 84, Brussels 48, The Hague 42, Luxembourg 28, Rome 69.

BRUCE

740.5/8–150 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET PRIORITY WASHINGTON, August 1, 1950—9 p. m.

579. For Bruce.

1. Fol instructions have been sent to Spofford : [2]

"(1) In course your informal discussions with individual reps other NAT countries in London you shld take occasion to indicate US view that scope of defense effort required by current international situation cannot be managed without finding means to utilize Ger productive capacity to turn out non-combat types of eqpt such as trucks and perhaps certain kinds of parts and basic materials such as steel. No intention to propose gen amendment of present PLI agreement [3] (Reinstein [4] can give you full details this agreement) although may be necessary to propose some modifications if for example a shortage of steel or of certain components of prohibited items shld develop.

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[1] Repeated for information and background to Ottawa as 30, Oslo as 85, Copenhagen as 70, The Hague as 139, Brussels as 142, Luxembourg as 9, and London (for Spofford) as 579.

[2] Todep 15 to London, July 28, 9 p. m., not printed.

[3] For text of this U.S.-U.K.-French agreement of April 13, 1949, on prohibited and limited industries, see *Germany, 1947–1949: The Story in Documents* (Washington, Government Printing Office, 1950), pp. 366–371. For documentation on the negotiation of this agreement, see *Foreign Relations*, 1949, vol. III, pp. 546 ff.

[4] Jacques J. Reinstein, Director, Office of German Economic Affairs.

Alternatives seem to us to be inadequate effort, dangerous delay in rearmament, or impairment of economic stability of NAT countries.

(2) It shld be made clear that:

a. German capacity wld be utilized whenever it offers a relative advantage in prompt accomplishment of NAT production program. Ger program of course wld have to be worked out with NAT countries who will use output of Ger industry.

b. US will help in working out means financing procurement in Ger.

c. Arrangements wld of course have to take account of guidance from Standing Grp on strategic location factors.

d. This proposal does not reflect any change in US views concerning Ger rearmament or production of combat eqpt in Ger.

(3) Our main objective at present is to secure careful and if possible favorable consideration by NATO govts to gen idea of using Ger industrial capacity. US cannot make firm proposal until after Congressional action on funds to at least help finance such production. However, if reaction seems to offer a favorable opportunity for doing so, you may at your discretion press for an agreement in principle to this proposal.

(4) Spofford will advise Embassies on his discussions so they may make suggestion at high level when appropriate.

(5) Appreciate full reports on governmental and individual attitudes."

2. In connection with additional MAP appropriation now being presented to Congress strong feeling has developed that all facilities in the free world which can be effectively used shld be employed in producing additional matériel requirements. Hence above message. Record before Congress will clearly show intention to use MAP funds for purchase end items and components as well as AMP and raw materials. This includes Ger and in all probability Japan but in these cases no expectation of procuring combat type matériel. Nor is there any intention at present to make any general amendment to PLI Agreement to increase capacity in Ger. This will mean that we will be considering the use of Ger productive capacity in connection with our expenditures under additional MAP and that we will also be urging other NATO countries to place orders there when advantageous. Secy will take above line before Congress Aug 2 and probably news will be out Aug 3. We believe it is important that Fr and Brit be informed first and at once. We are sending similar wire to Douglas. In presentation it shld be stressed that basic motive is to find means of carrying defense load with minimum impairment of economic standards in countries undertaking this task including U.S.

3. Please repeat tels this subject to London for Douglas and Spofford and to Frankfort eyes only for McCloy.[5]

4. Pls inform Spofford immediately in addition to Dept [6] when you have informed Fr so he can discuss matters with NAT Deputies.

ACHESON

[5] The contents of this telegram 579 were conveyed to John J. McCloy, U.S. High Commissioner for Germany, in telegram 846, August 1. McCloy, in his telegram 1013 from Frankfort, August 7, stated that he had already initiated a staff study of how West German economic strength could contribute to the western effort to an even greater degree than suggested in the instructions to Spofford. Telegrams 846 and 1013, not printed (740.5 MAP/8–150 and 740.5/8–750, respectively).

[6] In telegram 619, August 2, not printed, Bruce replied that he had seen Pleven that afternoon and had found him in "thorough accord with this objective" (740.5/8–250).

740.5/8–150 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET PRIORITY WASHINGTON, August 1, 1950—9 p. m.

580. For Douglas. Ref Todep 15 [1] and urtel 648 [2] fol amendment shld be made in Todep 15 para (2), *d*: Delete "opposition to" and substitute "views concerning".[3]

We agree that matter is one which shld be discussed with Fr and Brit first. We had assumed this was provided for in phrase "if you think appropriate". Situation has now however changed. In connection with additional MAP appropriation now being presented to Congress strong feeling has developed that all facilities in the free world which can be effectively used should be employed in producing additional matériel requirements. Record before Congress will clearly show intention to use MAP funds for purchase end items and components as well as AMP and raw materials. This includes Ger and in all probability Japan but in these cases no expectation of procuring combat type matériel. Nor is there any intention at present to make any general amendment to PLI Agreement to increase capacity in Ger. This will mean that we will be considering the use of Ger productive capacity in connection with our expenditures under additional MAP and that we will also be urging other NATO countries to place orders there

[1] See footnote 2, *supra*.

[2] In telegram 648, July 31, 4 p. m., not printed, Douglas asserted that "The use of German manpower for the purpose of producing primary commodities and finished non-military articles which are necessary for military operations is a matter for the occupying powers in the first instance to discuss and agree upon" (740.5/7–3150).

[3] This change in the instructions sent to Spofford in Todep 15 was made in time to be reflected in the repetition of those instructions in telegram 579, *supra*.

when advantageous. Secy will take above line before Congress Aug 2 and probably news will be out Aug 3.

In view of above we believe Brit shld be informed at once. We are sending similar wire to Bruce requesting him to inform Fr. We believe it shld be stressed that basic motive is to find means of carrying defense load with minimum impairment of economic standards of countries undertaking this task including U.S.

We are instructing Spofford [4] to present matter to NAT Deputies as soon as he hears from you and Bruce that Brit and Fr have been informed.

In as much as we are merely proposing purchases in Ger and urging others to purchase in Ger and as there is no question of changing PLI Agreement or other occupation policies at this time, we do not believe that this is a matter requiring Fr and Brit agreement. Because of time factor we believe NATO Deputies should be informed immediately after Brit and Fr Govts have been informed.

ACHESON

[4] Todep 22 to London, August 1, not printed.

700.00(S)/8–250 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, August 2, 1950—6 a. m.

Infotel. In *aide-mémoire* handed Emb Ankara by Turk PriMin,[2] Turk urges our present close collaboration be brought "to contractual stage" as link in security system, and that mil and econ aid "respond to exigencies of present hour". *Aide-mémoire* requests US see to it that measures taken to examine and resolve question of Turkey's admission Atlantic Pact system with minimum delay. PriMin told Emb orders for reorganization Turkey's armed forces along lines our mil mission's recommendations had been issued, and stressed urgency of completing mil airfields project. FonMin stated broader Turk-US mil and econ collaboration might in present emergency require additional US aid. Was agreed that analyses econ and mil needs wld be prepared by our ECA and mil missions respectively in collaboration with Turk authorities.

ACHESON

[1] Sent to London, Paris, and Moscow.

[2] Prime Minister Adnan Menderes handed the *aide-mémoire* to Ambassador Wadsworth during their conversation on July 30. The conversation was reported in telegram 44 from Istanbul, July 31; not printed, 782.5/7–3150. The *aide-mémoire*, dated July 29, was transmitted in French and unofficial English translation to Washington in despatch 62 from Istanbul, August 5; not printed, 882.10/8–550.

740.5/8–250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 2, 1950—noon.

Depto 30. Fifth session NAC deputies considered Standing Group's report [1] and heard SG presentation covering following points:

1. What SG has done so far:

a. Development medium term defense plan which now being revised and refined by regional groups.

b. Study of short term defense plan, for which regional plans due September 1.

c. Revised state of defense preparedness of which main deficiencies are lack of trained personnel, of equipment, of infrastructure and effective reserve formations.

2. What SG proposes to do to improve state of preparedness.

a. More detailed guidance on collective balance of forces.

b. Guidance on standardization of weapons and equipment and on structure of forces.

c. Analysis of differences of mobilization procedures.

d. Improve and coordinate training arrangements.

e. Recommend establishment of stockpiles.

f. Consider reorganization of regions for greater efficiency.

3. What SG considers NAC deputies could do to improve state of preparedness.

a. Direct immediate national action towards increasing total effective combat forces (SG considers there is no reason wait for more detailed studies, that anything done now will be in right direction, that energetic start needed now and that previous unsuccessful efforts of military authorities and defense ministers to get increases must now be strongly backed by deputies).

b. Obtain governmental approval for executive power to enforce agreed resolutions in name of Council.

c. Assume deputies now concerned with getting agreements on equitable distribution of national defense efforts to provide necessary forces.

d. Improve scope of national military service.

e. Recommended to governments an initial program for high priority military production in Europe.

f. Coordinate work of Defense Committee, DFEC and MPSB.

4. Discussion of need for coordination of Standing Group with DFEC and MPSB to question on SG guidance as to types and volume of high priority equipment of which production should be started immediately. Tedder [2] stated as SG opinion that MPSB knows enough

[1] See footnote 1, p. 162.

[2] Marshal of the Royal Air Force Lord Tedder, British Representative on the Standing Group.

of immediate production capabilities and requirements for high priority items to consider immediate production increases. SG listed six general categories of equipment that should be given urgent priority: tactical aircrafts, anti-aircraft equipment, including radar; anti-tank weapons; tanks; mine weapons and escort vessels; field artillery. Ely [3] stated that SG realized military guidance needed both as to volume and type equipment needing high priority production but stated that decision on types could only be worked out in consultation with MPSB. Suggested immediately sending rep to Washington to work on the problem.

5. Statement on new weapons aroused considerable interest (being pouched).[4]

6. One subject on which discussion centered was SG guidance on concept of balance collective forces. Crittenberger stated SG has draft of further guidance on this subject on which agreement is expected within few days. SG paper includes statement of principles, covers four stages by which balancing will be achieved and assigns certain tasks to regions. Tedder explained SG assigns primary tasks to nations and regional groups expected to recommend adjustment of national forces to meet assigned task. Alphand questioned desirability of relying on separate national actions which might not be coordinated with plans of other nations. Tedder affirmed confidence in ability of each nation to "face up to facts" and stated each nation, knowing its primary assigned task, can decide whether it is devoting too much effort to other tasks and should change emphasis.

7. Deputies agreed issue press release stating that SG representatives had met with deputies to discuss defense matters.

Sent Department Depto 30, repeated info Paris 183 pass OSR, Hague 31, Brussels 30, Copenhagen 22, Oslo 16, Ottawa 9, Lisbon 14, Rome 43, Frankfort unnumbered pass Heidelberg for Handy. Department pass Secretary of Defense.

[Spofford]

[3] Lt. Gen. Paul Ely, French Representative on the Standing Group.
[4] Not printed.

740.5/8–250 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET NIACT London, August 2, 1950—6 p. m.

720. For the Secretary and Perkins. Re Embtel 648 [1] and Deptels 579 and 580.

[1] See footnote 2, p. 174.

1. I have no question whatsoever about the policy of utilizing German industrial capacity for the purpose of providing non-military items necessary for military equipment, including primary commodities such as steel, aluminum, et cetera. I have been recommending this for long time.

2. I think, however, we are completely deluding ourselves and will be guilty of deceiving our allies if we indicate to them that it does not contemplate any modifications of PLI, about which I personally know a great deal, for I negotiated the PLI agreement.[2] As matter of inexorable logic it is impossible, in my view, to follow the policy which is indicated in reference cables, and with which I agree enthusiastically, without modifying the PLI agreements.

3. The British Government has today been notified of our policy in the matter in accordance with the instructions but again I repeat this will entail, in my opinion, necessarily modification of the restrictions on the production of certain primary commodities.

4. PLI, as matter of fact, as you know, is on the calendar of ISG and will be discussed when ISG meets on 15 August.

5. I suggest very urgently that in view of the political implications here and in Europe, whatever the Secretary's evidence may be, discussion of the matter in NAT should not receive any publicity on this side of the water or at home. I make this recommendation with great urgency.

6. It seems to me that all we need at the moment to implement the policy is the right to indulge in off-shore procurement. When this right has been obtained we can then in an orderly manner put the policy into effect and suggest that other NAT countries do likewise. We can then, too, arrange for the adjustments that will necessarily be entailed in Germany itself.

7. The lapse of month before putting this policy into effect other than by off-shore procurement, cannot influence rearmament to any appreciable degree. On the other hand, to give it publicity before the harvests are in may be taking risk which it is not necessary for us to take. (I do not place much stock in the theory that the Soviet can be provoked, but I do not see the sense of putting this theory to the test unless there is commensurate gain to us.)

8. The primary question on the continent is to determine whether the French have the real will to fight. We have to make certain commitments in order that the French instinctive will to fight will be encouraged by the consciousness of reasonable possibility of winning. But to plunge Germany into this matter too soon, before we have made

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[2] Documentation on review of the Prohibited and Limited Industries Agreement of 1949 by the Intergovernment Study Group on Germany is scheduled for publication in volume IV.

our commitments and the French will to fight has been substantially encouraged, is hazardous business.

DOUGLAS

740.5/8–250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET LONDON, August 2, 1950—8 p. m.

Depto 32. From Spofford. Deputies advised at end this afternoon's meeting following action by Bruce and Douglas. Re Todep 22.[1] I treated it casually, but stated that I was instructed to advise them of nature of statements being made in Washington this afternoon.[2] Considerable interest was expressed and desire to see text of Secretary's remarks on subject.

Earlier in afternoon, I had forewarned Alphand and Hoyer-Millar. Alphand indicated no concern but said he hoped no moves toward raising authorized capacity would be made before conclusion of Schuman Plan. French would then accept increases. He remarked that France, Belgium and Luxembourg had ample unused steel capacity and hoped purchases would be primarily in those countries. Hoyer-Millar's only comment was hope we would limit purchases in Germany to routine products such as steel plates rather than encourage development of special skills such as in optical industry.

If Secretary spoke from prepared text, would appreciate pertinent excerpt.

Sent Department Depto 32; repeated info Paris 185.

[SPOFFORD]

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[1] To London, August 1, not printed.

[2] Secretary of State Acheson addressed the Armed Services Subcommittee of the House Committee on Appropriations, and, in a special press briefing, Department of State officials discussed the reasoning behind the request for a $4 billion supplementary appropriation. For text of Acheson's statement, see Department of State *Bulletin*, August 14, 1950, p. 249. Statements also were made before the Armed Services Subcommittee by Secretary of Defense Johnson and ECA Deputy Administrator Foster. Of the three statements, only Foster mentioned Germany. The pertinent paragraph was conveyed to Spofford in Paris in telegram 604 to Paris, August 2, not printed. (740.5 MAP/8–250)

740.5/8–250 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET WASHINGTON, August 3, 1950—8 p. m.

629. For Douglas from Secretary and Perkins. 1. There is complete agreement here with general tenor urtel 720.

2. We want to do everything possible to play down publicity for proposed use of German industrial capacity. However, great Congressional interest this subject. In establishing Congressional record to permit offshore procurement under present MDAP legislation, necessary to indicate our intention of procuring where we could do so most cheaply and efficiently. This naturally led to questions about whether this included Western Germany, to which Executive Branch witnesses had to reply in affirmative. Agree entirely however that with minimum publicity we shld just go ahead and procure, and suggest to other NAT countries that they do likewise on a routine basis.

3. Agree entirely that as volume of purchases increases it will probably become apparent to all concerned that amendment of PLI Agreement with respect to specific raw material capacity limits and perhaps with respect to certain components of combat type equipment is desirable.

4. Our present thinking is that potential impact of rearmament demands on German industry will not have progressed to extent to affect PLI discussions scheduled in ISG on 15 August but this is matter to which further thought must be given and on which we will welcome any comments you may have.

5. Wld be useful to us here if you wld be willing to have this msg and urtel 720 repeated to Bruce and McCloy for their comments.[1] [Secretary and Perkins.]

ACHESON

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[1] In answering telegram 753 from London, August 4, not printed, Douglas said "Fully concur paragraph 5 urtel 629, August 3. I am repeating my 720 to Bruce and McCloy and assume you will send yours" (740.5/8–450).

In telegram 1223 from Frankfort, August 11, not printed, McCloy indicated his agreement that initially the NAT countries should merely procure desired materials from Germany on a routine basis. He added that France would be more likely to agree to revision of the PLI Agreement if and when the Schuman Plan was adopted. (750.5/8–1150)

740.5/8–350 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

TOP SECRET PRIORITY FRANKFORT, August 3, 1950—11 p. m.

962. Eyes only for Acheson and Byroade. Many factors have led me to conclude that the time is now ripe for a basic solution of the problem of defense of Western Europe. The steps in my thinking have been as follows:

1. As many have long recognized, the creating of Western European defense is basic for the existing world situation. The rate of achieving this has been far too slow. We must recognize that if Russia overrun

Western Europe we will have no real chance to re-create its civilization by liberating it months or years later. Thus we must plan for effective defense to prevent invasion by the Soviets. I think there is no other alternative.

2. In my judgment this objective cannot be achieved merely by strengthening national armies of the Western European countries. My reasons for this conclusion are these:

a. There is every evidence that even France lacks the capacity, if not the will, to build a national army able to carry the brunt of defense of Western Europe. A similar feeling that the best they could do would be ineffective also pervades the thinking of the other European countries.

b. To defend Western Europe effectively will obviously require real contributions of German resources and men. I am absolutely opposed to re-creating any German national army now or in the foreseeable future. In my opinion, to do so would be a tragic mistake. It would undermine much that we have so far achieved in democratizing German society. Also I think it is an illusion to suppose that the Germans have a burning desire to create a national army or that they would enlist or could be conscripted into such an army in substantial numbers. Indeed I am convinced they are opposed to such a step. Moreover a separate German force under German command would involve serious risk of their playing off east and west and ultimately joining the Soviets. With the powerful bait in their hands, the Soviets would try even harder to attract the Germans into their orbit, and a shift of a strong Germany would be disastrous. If France were forced to accept such rearmament, she might contribute much less herself to effective defense.

3. There is now a real chance to solve this difficulty by creating a genuine European army. If done quickly, this offers the best chance to convert our present weakness into real strength. The French appear eager for some such action giving them the hope of effective defense without the risk of a German national army. Moreover the German Cabinet and public opinion is believed to strongly favor such a course. Indeed the German people and especially German youth are deeply attracted by the idea of a European community in which, as an equal partner, they could join. I feel that this concept, if applied in the military field as well as in others, will produce more men and a greater contribution.

4. In addition to defense against Russia, this action would contribute to our own basic objectives in Western Europe. At one step it would fully integrate Germany into Western Europe and be the best possible insurance against further German aggression. This dramatic move toward European federation would also fulfill the deep urge in France, Germany and Benelux for a real European community.

5. This step involves some risks but is the best available alternative:

a. It may be objected that the adoption of this course would complicate our problem and that time is not sufficient to carry it out. The short answer is that this is the only way to achieve effective defense and that any other course, even if vigorously fol-

lowed, will not do so. Furthermore, I strongly believe that bold action now would give good prospects of rapid success. Admittedly any defense depends on some period before a showdown occurs. But with a year to eighteen months, I believe that a real Western European force could be created and be in effective operation. Such a course would evoke much more enthusiastic support and energetic action from the Europeans than reliance on national armies and thereby reduce the time necessary for results.

b. It may also be objected that this action would provoke Soviet aggression. But the Soviets will doubtless move in any case whenever it best suits their timetable, resources, and their judgment as to the defense power of west. This proposed program might affect that judgment but that risk is inherent in any effective effort to improve the West European defense position. Indeed, without claiming to be able to predict Soviet reactions, my own judgment would be that German participation in a European army is less likely to provoke the Soviets than would the creation of a German national army.

6. Inevitably this course would imply profound effects on the position of Germany. She could not be expected to furnish resources and men for a European army except as a substantial equal in Europe within a very limited time.

7. We do not know what attitude British might take to such a program, but would expect they could support it as extension of Western Union. US should contribute its share of components and resources toward such an army.

I consider this matter of greatest urgency. The proposed course seems to me the only possible way to develop the will and means for effective defense. Time is essential. Urge most strongly that US definitely back this course soonest.

Am sending this message only to Department. Advise if distribution to Bruce and Douglas desired.[1]

McCloy

[1] In answering telegram 949 of August 4 to Frankfort, eyes only for McCloy, the Department stated "We are so in accord with general direction of thinking expressed in ur 962 that it is difficult to furnish other comment. You have expressed with great clarity a way forward in one of the most important and yet most difficult problems facing us in the world today. The task before all of us now is to expand our thinking as to the ways and means of bringing this concept into being. We are repeating your 962 to Douglas and Bruce together with copy of this reply." (740.5/8–350) Telegram 962 was repeated as telegram 640 to London, August 4 (740.5/8–350).

740.5/8–350

Memorandum by Miss Barbara Evans, Personal Assistant to the Secretary of State

TOP SECRET [Washington,] August 3[4], 1950.

On the *Sequoia*, when the Secretary had dinner with Secretary Johnson and Ambassador Harriman on August 3, 1950, the question

of where we are on the Spofford mission and the large question of rearmament of Europe were discussed. The participants agreed that NAT Organization was absolutely hopeless and was not getting anywhere, and that it was imperative that something must be done.

The Secretary brought up the suggestion, which had been made by numerous others, that there should be a combined staff in Europe and that we must now make up our mind to accept the responsibility of a unified command and of additional American forces in Europe. The Secretary of Defense said that he was in favor of that in general, but that it was being opposed by the General Staff. He asked what the arguments were for it. Secretary Acheson said they went over these arguments, but he did not go into detail about this part of their talk. Mr. Johnson indicated that he was disturbed about what he thought was pressure to do this at once. Secretary Acheson said that was not what he had in mind; that what he proposed as the first step was to set up a "Cossack" [1] arrangement, to get centralized planning, to set up a staff to carry out plans, give instructions, and pull the whole thing together in Europe. Probably after something along this line was set up and functioning, sometime in November or December, we should be ready to go into a unified command. We discussed possibilities of people. Mr. Johnson will explore this further.

Secretary Johnson talked with the Secretary this morning and said he had talked this over with General Bradley generally, and he seemed to be agreeable.

The Secretary said he was not sure how we proceeded from here. He thinks that Secretary Johnson will take the next steps, and that Mr. Harriman will pick it up on his return.

[1] A reference to COSSAC, Chief of Staff to the Supreme Allied Commander (Designate), a planning headquarters formed in 1943, succeeded in 1944 by SHAEF, Supreme Headquarters, Allied Expeditionary Force.

740.5/8–350 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

TOP SECRET WASHINGTON, August 4, 1950—12 noon.

943. Eyes only for McCloy from Byroade. This cable has no distribution on Wash end. Just prior to receipt your 962 I had written a paper on how the formation of a "European Army" might be approached without much consideration as to why such a concept must be adopted. You have now supplied the missing portion with great clarity in ur 962 and our thinking seems to fit so closely together that knowledge of my paper at this time and in this informal fashion may serve to advance the concept between us before departure of Gerhardt.

My paper has not as yet been considered by Dept. It was developed without much regard to existing organizations or machinery in an effort to present a theoretical solution from which one cld work backwards with a compromise between the theoretical and what is already in existence. Text of paper follows:

[Here follows the Byroade paper entitled "An Approach to the Formation of a 'European Army'". It first discussed the basic elements of such an army under five headings: (1) recruitment, (2) procurement and supply, (3) organization, (4) General Staff direction and command, and (5) overall direction by governments and heads of state. It then considered the general approach to such an army in terms (1) of timing the announcement to the availability of equipment and readiness of West European nations and Germany to accept the plan and (2) of resolving certain problems that would face the United States in regard to the complicated interrelationships of an American Commander in Europe, a Combined Chiefs of Staff arrangement, the presence of U.S. forces in Europe, and the provision of military equipment.[1]]

[Byroade]
ACHESON

[1] McCloy, in an eyes only reply to Byroade (telegram 1022, August 7, not printed), referred to telegram 943 as follows: "Have developed some preliminary thoughts which Gerhardt will give you on his arrival in Washington. Recognize the difficulty of some of the problems which you mention. I intend to discuss the general question and problems arising out of the creation of a European army with Douglas, Spofford and Bruce and will send you my further thoughts on this subject after discussion with them. I will not refer to your cable since I notice you did not repeat to London and Paris. I think we are on the right track and should press it vigorously." (740.5/8–750)

740.5/8–450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, August 4, 1950—1 p. m.

Depto 36. From Spofford for Perkins.

1. Preliminary indications responses Depcirtel July 22 [1] show considerably less than hoped for results both on increased forces and on increased defense production, reflecting less feeling of urgency in Europe than in US.

2. Therefore, feel position calls for bringing to bear systematic additional pressure and persuasion over the coming weeks. Hope send

[1] Several replies to this circular not previously referred to in circular telegrams of July 26, 28, and 31 are in Department of State file 740.5.

shortly suggestions on possible further circular instructions to US missions in NAT countries for action after consideration responses requested August 5. Meanwhile, however, strongly suggest possibility strengthening US hand by insertion appropriate language in supplementary four billion MDAP appropriation bill indicating legislative intent as to conditions on which these additional funds to be supplied.

3. Legislative statements might include two points: (*a*) that additional Title I funds are primarily for the procurement of equipment for expanded defense forces of recipient countries in accord with integrated NAT defense plans; and (*b*) additional aid for recipient countries is designed to supplement maximum defense and defense production effort their part consistent economic stability.

4. Recognize danger that seeking any statement in nature legislative conditions may lead imposition excessively narrow restrictions limiting effective administration funds. In present circumstances, however, believe balance considerations favors assuming some risk of this kind as aid in securing necessary effort on part recipient countries. Understand present plans contemplate only change in figure without new language. Suggest in any event that statement legislative intent on lines paragraph 3 should be in committee reports and other legislative history, including presidential statement at time of signature. Actual legislative statement would be preferable if practicable.

[Spofford]

740.5/8–450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET

London, August 4, 1950—noon.

Depto 38. US proposal re increased forces (Depto 39 [1]).

(1) Quotes first four paragraphs Council resolution 4/2.[2]

(2) Quotes standing group recommendation in paragraph 11 of its report.[3]

(3) Refers to emphasis placed by standing group representative at August 1 meeting [4] on urgent start in increasing forces in being. Balance of proposal in form agreed by drafting committee reads:

"4. Council of Deputies, taking cognizance of previous resolutions of Council of Ministers concerning defense preparations and with full regard to existing international situation, convinced of necessity tak-

[1] *Infra.*
[2] Not identified in Department of State central or NATO Sub-Registry files.
[3] See footnote 1, p. 162.
[4] See Depto 30, August 2, p. 176.

ing immediate measures to increase forces available for defense of North Atlantic area. Council of Deputies therefore recommend to the governments they should take immediate action to increase the total effective combat forces they now plan to have readily available on July 1, 1951. This recommendation is made as an interim measure to give early effect to military requirement that there be immediate increase in forces for defense of North Atlantic area. The specific measure involved is to begin at once, on the initiative each country achieving its first year's augmentation of combat forces and are readily mobilizable envisaged as national contribution under the medium term defense plan to increase forces. [*sic*] [5]

5. To enable the deputies to take appropriate steps in furtherance of the foreign [*foregoing*] resolution, it is proposed that the Deputies take the further following action:

(*a*) Each deputy requested report by 28 August to Council Deputies steps being taken, or presently planned to be taken, to increase his country's total combat forces readily available, as regards number, equipment, training and, as as far as possible, location, for the defense of North Atlantic area over above those hitherto planned for first July 1951. Report should include an estimate of effective increase of military formations, and improvements in dates of availability, to be achieved by these measures. (It should also take into account necessity of internal defense.)

(*b*) Chairman requested to consult with Chairman of Defense Committee with a view to obtaining recommendations as to action that the deputies might take to further the strengthening of defense forces.

(*c*) Deputies will consider at a meeting before next meeting of Council of Ministers actions which they might take or further recommendations which might be made on this subject to Council of Ministers or to governments."

Sent Department Depto 38, repeated info Paris 193, Hague 34, Brussels 34, Copenhagen 26, Oslo 20, Ottawa 11, Lisbon 16, Rome 48, Frankfort 115.

[SPOFFORD]

[5] The revised wording of this sentence is provided in Depto 42, p. 188.

740.5/8–450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 4, 1950—3 p. m.

Depto 39. Following is report of 7th session NAC deputies:

1. Spofford outlined suggested course of action Depto 38 in implementation recommendation for increased effective forces, pointing out

necessity get action on forces parallel that deputies had already initiated on military production. Following comments made re information to be obtained from governments: (*a*) should take account practical possibility equipping forces (including MDAP). No point increasing forces beyond ability equip (France); (*b*) should include steps taken increase size and effectiveness forces to maintain internal security (France); (*c*) effective reserves as well as active forces should be included (Canada); (*d*) geographical location forces now, and to extent possible prediction July 1, 1951, should be indicated (Netherlands and France); (*e*) types of units and state of readiness (that is degree equipped) should be indicative [*indicated?*] (France).

2. Draft committee representing US, UK, France, Netherlands, and Norway appointed to draft proposal in light discussion for consideration Friday.

3. Report of ocean shipping board discussed: (*a*) UK suggested hypothesis in paragraph 4 annex 3 (assumptions that all world except Iron Curtain countries, areas within Baltic, West Germany and Austria, would be available as sources supply, and assumption through voyages in Mediterranean impossible in event of war) be referred standing group for comment; (*b*) Canada suggested DFEC should examine economic aspects of assumptions on which estimates of civilian requirements based (paragraph 3 annex 3); (*c*) deputies adopted both suggestions.

4. Discussed agenda item 9 (council resolution 4/7 paragraph (*c*)[1]), procedure for consideration of political matters of common interest; agreed any deputy should be free to raise any problem for informal discussion among deputies at any time but that some notice of important new subjects would be desirable.

5. Discussed procedure public information activities: agreed only small staff should be established initially, depending on national apparatus of member countries for operating function. Agreed important for information staff keep in personal contact with national information officials. Deputies will formalize agreement tomorrow after consideration paper to be submitted by US deputy.

6. Gave preliminary consideration to problems arising under Article 2. Discussed possibility establishing liaison between DFEC and OEEC. French pointed out difficulties arising from sensitivity non-NAT members of OEEC to discussing all military matters. Deputies agreed, (*a*) that, as in case of political matters, deputies would be free to raise particular economic problems for consideration by deputies when desired, and (*b*) that there would be no formal liaison with

[1] North Atlantic Council resolution on NATO central machinery. See Department of State *Bulletin*, May 29, 1950, p. 831.

OEEC, but that NAT members would and could maintain informal contacts with OEEC through their country delegations.

7. Discussed UK suggestion that NAT nations should adopt common approach for national memoranda used in third report by OEEC, and agreed refer question to DFEC.

8. Deputies agreed recess after August 4 meeting.

Sent Department Depto 39; repeated info Paris 194 pass OSR, The Hague 35, Brussels 35, Copenhagen 27, Oslo 21, Ottawa 12, Lisbon 17, Rome 49, Frankfort unnumbered, pass Heidelberg 11 for Handy.

[SPOFFORD]

740.5/8–450 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London

TOP SECRET WASHINGTON, August 4, 1950—7 p. m.

Todep 30. For Spofford from Perkins. 1. Consensus opinion too dangerous seek incorporation in appropriations legislation itself as suggested Depto 36. Considering possibility inclusion approp statements in either of both House and Senate Comite reports but believe this also dangerous.

2. Clear record these points being made thru Presidential msg, statements key witnesses before comites and at every other point in testimony which will be published. Will make particular effort stress these points in course Senate presentation. In addition will endeavor include clear and unequivocal statement this subj in Presidential statement at time signature.

3. This general connection call attn to so called Ellender amendment incorporated this year's MDAP legis which requires President terminate all or any part of any assis authorized if he determines, after consultation with NAT Council, such nation is not making its full contribution thru self-help and mutual assis in all practicable forms to common defense NA area. [Perkins.]

ACHESON

740.5/8–450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 4, 1950—midnight.

Depto 42. US proposal given Depto 38 adopted this afternoon with following changes:

Last sentence paragraph 4 now reads: "Important thing is for each government, on its own initiative, begin at once task of achieving

first year's augmentation combat forces contemplated as its contribution under medium term defense plan." Paragraph 5 reads:

"5. To enable deputies to take appropriate steps in furtherance of foregoing resolution, it is proposed that deputies take further following action:

(*a*) Each deputy, having consulted with his government, is requested to report to Council Deputies by 28 August steps being taken, or presently planned to be taken, to increase his country's total combat forces readily available, as regards number, equipment, training and, as far as possible, location, for defense of North Atlantic area. Such reports should, for information of deputies, indicate in general terms following:

(i) Increases over present strength of total combat forces, to become effective by 1st July 1951, and for which equipment is available or can be provided under existing arrangements;

(ii) Further increases in such total combat forces which they would be prepared to make effective by 1st July 1951, provided that necessary additional equipment is made available from domestic or external sources.

Such reports should contain, where appropriate, indications as to measures intended to improve state of training and mobilization of existing forces. They should also take into account considerations referred to third paragraph Council resolution 4/2.[1]

(*b*) Chairman requested to consult with chairman Defense Committee with view to obtaining recomendations as to further action deputies might take with view to immediate strengthening of defense forces.

(*c*) Council Deputies will consider before next meeting of Council of Ministers actions which they might take or further recommendations which might be made on this subject to Council of Ministers or to governments.

It is appreciated that this request by deputies may in part duplicate work or inquiries already being undertaken by other agencies of NATO and, in particular, Military Committee and Standing Group. Deputies have, however, felt matter to be of such importance that they should lose no time in communicating directly on it with individual governments. It is clearly important that Military Committee and Standing Group be informed of action taken by deputies and, in due course, of replies made by individual governments to questions addressed to them." [2]

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[1] See footnote 2, p. 185.

[2] This revised U.S. proposal for action by the Council Deputies was approved at the Council Deputies final meeting in London on August 4. It is referred to, in its revised and approved form, as Council Document D–D/18 (Revised).

Spofford informed the body that its next meeting was scheduled for August 22. He said that if it were warranted, there would be a 1-day meeting of the Deputies in New York prior to the meeting there of the North Atlantic Council. The summary of business covered in the final meeting is in Depto 43 from London, August 4, midnight; not printed (740.5/8–450).

Department pass Defense; sent Department Depto 42, repeated info Paris 201 (pass OSR), The Hague 36, Brussels 36, Copenhagen 28, Olso 22, Ottawa 13, Lisbon 18, Rome 50, Frankfort 118 (pass Heidelberg for Handy as 13).

[SPOFFORD]

740.5/8–850 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, August 8, 1950—6 p. m.

784. Eyes only for the Secretary and Byroade. 1. Last night Spofford, McCloy and I discussed generally substance Frankfort's relayed cable to London from Department 640, August 4,[1] and general European situation.

2. Concur completely in McCloy's excellent analysis.

3. There are, it seems to me, three essential requirements to the creation of a European army of which German units would form an integral part instead of, as some advocate, a purely national German army. On previous occasions I have expressed the view, which McCloy also holds, that there are many dangers in the establishment of a German national army, even if the Germans desired one.

4. The three prerequisites to the organization of a genuine European army are: First, the assumption of command—of more than merely planning—by an American. Second, when available the commitment to dispose of several, possibly three or four, more American divisions in Europe. Much will depend upon the course of the battle in Korea, combined with the rate at which combat units can be organized and equipped at home, as to when this commitment can be made and discharged. Third, the despatch of several, possibly three or four more, British divisions to the Continent of Europe. This will depend upon fundamental modification of the present British assessment of the situation. The present emphasis, indeed the whole British defense program, is now related to augmenting equipment and improving its quality. Neither by implication nor express statement in my conversation with Attlee or in British publicity is there any disposition to organize what can truly be called combat units in the UK.

5. The first point, namely the assumption of command by an American, can be opposed and doubtless will be opposed on the grounds—quite aside from any opposition of purely American and US nature—that it will give the Communists an important handle to their propaganda in that it will accentuate their blaring declarations that the

[1] Relayed copy of McCloy's telegram 962 of August 3, p. 180.

US is driving Europe toward war and has actually assumed command for this purpose. On the other hand the will to fight on the Continent which, unlike the situation in Britain where we can be confident it exists, lies largely dormant, not because the great majority of the French people and of the German people and of the Belgians and the Dutch prefer communism, but because they doubt that the Soviet hordes can be resisted. Their view is that there is practically no chance of their being successful in war. Since most of the people of western Europe intensely dislike communism and all its works but give no evidence of possessing a vigorous will to fight because of their conviction that they have no chance of winning in a fight, the problem is how to encourage the rebirth of a determined will to fight.

Except for the relatively rare individual, among most people the will to resist is related to their calculations of their chances of success. As the chances of success rise, the will to fight rises. As the chances of success fall, the will to fight falls. Therefore, if there is to be a will to fight in Europe we must convince them that the chances of success are reasonably good.

The assumption by an American of command would achieve several things including:

First, it would be outward and convincing evidence of our commitment to Europe, for he who assumes command of an army and the country whose representative wears the toga, is as responsible for defeat as for victory. This responsibility implies determination to win and therefore places heavier weight upon America for the defense of Europe. Accordingly, on this score assumption of command by an American would, I believe, be spur to the will to fight in France, in Belguim, in Holland, and in Germany, in fact throughout western Europe.

Secondly, an American commander would increase our ability to persuade, if not to do more than persuade, the European countries, including Britain and France, to correct some of the fundamental defects in their present systems. It would be not unrelated to such reorganization of effective military manpower, in the UK as to place Britain in a position where she could commit several more divisions to the continent. This too, would have an invigorating effect upon the Continental will to fight. The difference between two divisions in combat readiness, which is now substantially the state of the defense of western Europe, and ten or more divisions, is very great indeed on the ordinary Continental persons calculation of his chance to win.

Thirdly, the assumption of command by an American with truly European staff, etc., is in fact, I believe, necessary to the establishment of a genuinely European army, of which German units could, when this army is taking definite form and being, become an integral part.

6. The commitment by the US and UK—the second and third prerequisites—to station more divisions in Europe would obviously increase the chances of successfully resisting Soviet attack. These three

measures: namely, assumption of command by an American, the commitment to place more American divisions on the Continent, the deployment of more British divisions on the Continent, altogether would, I believe, have profound influence on the Continental determination to fight.

7. There is another problem in conection with the organization of a genuinely European army. Shall it be under NAT, under WU or under some new organization, or as result of arrangements between NAT and WU?

There are already a great many organizations, too many, it seems to me. Looking at the problem through the eyes of a civilian, if there should be another general war, Europe will be the principal battleground for the ground forces, etc. The WU countries are the principal suppliers of infantry and armored divisions, etc., etc., at least during initial stages. McCloy says the Germans are not infatuated with NAT since, being in part middle European, they are disposed to look upon their association with it as an effort on our part to persuade them to fight for Canada, just as the French, in the absence of commitments of US and British ground forces, are reluctant to be the mercenaries for the rest of the Atlantic community. If this analysis be reasonably correct a relationship between WU and NAT, which would give the US an official status and which would obviate German distaste for NAT, might be the best answer. Whatever the answer may be, the problem exists.

8. There are, of course, the problems of production and procurement which are also of very great importance. This cable is not directed to that particular aspect of the question.

9. If the Western World is to build up its defences and its will to fight is to resurge, I believe that something on the order of the four steps to which reference is made in this cable is essential and I believe that speed is important. If we want action by others in Europe we must ourselves take action in Europe and it must not be too little.

These views I have expressed [to] Spofford over the course of the last week or more. He will be able to elaborate on them upon his arrival.

Sent Department 784, repeated info Paris eyes only for Bruce 209, Frankfort eyes only for McCloy 123.

DOUGLAS

762A.5/8–950 : Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

TOP SECRET Moscow, August 9, 1950—2 p. m.

359. While we agree that question of rearmament of Western Germany possesses numerous ramifications, and that in approaching it

we cannot afford to disregard the probably well-founded susceptibilities of such countries as France, we would be inclined to doubt Bevin's assumption (intel August 7, 5 a. m.[1]) that per se "West German rearmament might be direct incitement to Kremlin to attack." Neither do we believe that decision on this crucial point can be postponed until France and Belgium are strong enough to match a rearmed Germany.

It seems quite clear that we face a period of indeterminate duration in which an uneasy balance of forces might at any moment be upset by precipitate Soviet action. Europe and the NAT nations in particular form our main resource for holding in check the march of Soviet imperialism. In our opinion West Germany, with its enormous strategic and other importance, cannot be left naked and defenseless for an indefinite period without increasing the risk of having the whole country fall into the hands of the Soviets (far more dangerous for the French than the creation of a West German armed force).

Neither, on the other hand, is it desirable for us to make possible the resurgence of German militarism with all the undesirable connotations that evokes for Western Europeans.

We should think that the NAT mechanism offers the best way out of this apparent dilemma. Thus we believe it highly desirable that NAT forces in Western Germany be rapidly enlarged, the clear aim of such an increased force being to discourage or make difficult and costly, any Soviet *putsch* in the direction of the west. At the same time, it would seem logical for us to begin to make full and early use of West German industrial production for nonmilitary items, to which principle the French apparently are in agreement (intel August 3, 4 a. m.).[1]

By the same token, the establishment of a West German "police force," would seem to offer an effective means of countering the threat of the East German para-military force not in a state of being. We would suggest that this police force be built up, in terms of size, armament and training as the exact counterpart of the Soviet-sponsored force, but that, to prevent any German endeavor to capitalize on its existence for a resurgence of traditional German militarism, it be integrated into the NAT machinery.

As for the fear that the Kremlin would react to these moves by immediate aggression (*a*) we have already repeatedly been charged in the Soviet press with having taken active steps to create a "black Reichswehr" and of plotting to turn Germany into a *place d'armes*, (*b*) the Soviets in any case will determine whether or not to move militarily in Europe on the basis of their estimate of military consequences and we cannot predicate our preparations on the hope that a soft answer turneth away wrath.

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[1] Not printed.

Department pass London, Paris, Frankfort. Sent Department 359. Repeated info London 89, Paris 81, Frankfort 53.

KIRK

740.5/8–950 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, August 9, 1950—8 p. m.

741. Department distribution as directed by Secretary's Office. Bohlen and I saw McCloy and Bowie yesterday. We discussed Frankfort's 962, August 3, as well as Department's reply 949 to Frankfort August 4.[1] This morning Douglas' 784 to Department was received.

1. In general I agree with the basic and cogent reasoning in McCloy's and Douglas' telegrams. Viewing the matter from France, and remembering that this country is the key to continental defense, I would suggest a certain change in emphasis as contrasted with their recommendations of what should be done.

2. I believe that the most essential point at the present time (assuming a determination has already been made of the size and composition of forces required to defend Western Europe) is a commitment by US as well as by the UK (and if possible also by Canada) to increase considerably our combat troops on the continent by reenforcing those which the US and UK already have in Germany, I realize that such troops are not presently available but an immediate announcement of such an intention amounting to a commitment, would evoke a great feeling of confidence everywhere in Europe.

3. Once this is done, the matter of command should logically and quickly be settled. Personally, I believe that there should be a top commander for a NAT, as distinguished from a European, army. I do not think, however, that such a commander should be appointed until we have made a commitment to place at least five divisions of combat troops on the continent and have an engagement from the British regarding this troop contribution satisfactory to us. This supreme commander should be an American. There would be many objections, which I need not point out here, to the naming of an American to exercise merely a regional authority, even though that regional authority was by far the most important one in the NAT framework. The question of regional command should be settled only after a supreme NAT command has been established.

4. I completely concur in the undesirability of constituting a German national army. Any plan for the utilization in a strictly military

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[1] See footnote 1, p. 182.

sense of German manpower, including any open move for incorporation of Germans into a European army, should be postponed until the subjects discussed in paragraphs two and three are settled.

5. I think we have tended to become confused on the question of the will to fight of the French and other continental nations. The important issue now is: Are they ready to make the sacrifices necessary to build up forces that would be capable of putting up an effective fight against an aggressor, and then will they have the spirit to use such forces effectively. This depends in turn upon the quality and amount of equipment required and the evolution and financing of a procurement program, the latter of which I shall deal with in a later telegram. It remains, however, evident that the so-called will to fight in every nation, no matter how brave many individuals may be is meaningless from a military standpoint unless they have at least a sporting chance of success.

6. In considering the complicated question of European rearmament and American assistance we should recognize clearly that while our objective is to build up as rapidly as possible the requisite military strength in Western Europe to deter or repel aggression, in the best of circumstances and whatever procedure is adopted, this will not come into being for several years. Therefore in its early phase, it is in large measure a political question whose immediate purpose is to instill confidence in Europeans of its eventual success in order to steady the European political scene and insure and maintain common front of free nations against Soviet pressure and threats. We should therefore not solely keep our eye on eventual goal, but analyze every US decision or recommendation in the light of its political effect in the immediate future when the process of rearmament will not have progressed to the point where physical military security will be a reality. It is with this consideration in mind, from the point of view of France, that the following actions which the United States can take at the present time are suggested:

a. A strategic plan endorsed by all the participating nations;
b. A commitment of US, UK and possibly Canadian troops;
c. An overall command (that is, a commander-in-chief and a high level staff organization) are the first problems to be solved. Afterwards, and as quickly as possible, there must be an allocation of forces sufficient to the task in prospect. It is at this point that the German armed contribution should be reviewed.

Sent Department 741, repeated info London 215 eyes only for Douglas, Frankfort 102 eyes only for McCloy.

BRUCE

740.5/8–950 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, August 9, 1950—8 p. m.

742. Departmental distribution as directed by Secretary's Office.

1. In connection with the European rearmament program I believe it essential that we bear in mind the necessity of conceiving it as a collective enterprise and not an agglomeration of national efforts. Consideration should at once be given to MDAP resources no longer being siphoned off bilaterally but being disposed of under a common centralized direction.

2. What has heretofore been lacking in the NAT planning and MDAP operation has been the necessary integrated plans. It would seem that steps in NAT planning process will be in the following logical sequence:

(*a*) Establishment of an estimate of forces required for the defense of western Europe.

(*b*) Estimate of the quantity and types of equipment, i.e., tanks, anti-aircraft, anti-tank, aircraft, etc., necessary to arm the forces required.

(*c*) Establishment of a procurement and production program in accordance with capacity and cost of production by countries.

(*d*) Economic and financial provision particularly from the US, necessary to permit individual countries to fulfill their shares as outlined in (*c*) above.

3. We have properly launched our additional preparations for rearmament by marshalling our financial resources and calling upon our allies to do likewise. Each participant in NATO is feverishly engaged in making computations as to what, on a national basis, it can contribute to a common effort. Some are enthusiastically placing production orders with no thought of how the end products will contribute to a joint endeavor. On the whole, such actions are not to be deplored, for at least they sustain an impulse to get under way, and most of these efforts will bring into being weapons of standard utility. But, if these projects continue without central direction, vast expenditures will accomplish comparatively little, especially as production patterns become frozen.

4. The procurement and production program envisaged in 2 (*c*) above should be instituted under a small group of competent experts from several countries, headed by an American. They must make the best use of industrial resources wherever available.

5. In this regard German industrial potential should be considered. (I agree with Douglas that it is a delusion to think that PLI would not be affected by our probable decisions.) Any attempt at this time to revive German war making facilities would be utterly mistaken. This should only be contemplated when unused capacity of this

character amongst our partners is fully exploited or when it can be discussed without bitter friction. In this connection, a rise in the level of German steel output beyond actual limitations before the conclusion of the Schuman Plan would be fraught with grave consequences.

We should, however, devote our attention to industrial production in Germany for collateral uses, such as manufacture of trucks, spare parts and a variety of other non-military items. By offshore purchases and other expedients normal in ECA procedures we should be able to do this initially without raising at this time political questions of steel level or change in PLI.

6. Financing of this procurement and production program will require sacrifices from all participants. I have discussed with Spofford the French idea of having a portion of the sum total of national appropriations subject to the control of a central body, presumably headed by an American. The French hold strong views on this point and will soon submit the technical working papers regarding it. I do not think that the suggestion should be dismissed out of hand. It has great merit from the standpoint of unifying otherwise dispersed efforts, of increasing efficiency and economy in production, and of avoiding waste. The necessary qualifications can be imposed to safeguard US funds from being disproportionately utilized by other participants to our disadvantage.

Sent Department 742, repeated information London for Douglas 216, HICOG Frankfort for McCloy 103.

BRUCE

740.5/8–1450

Memorandum of Conversation of August 10 Between the Secretary of State and Various Members of Congress [1]

CONFIDENTIAL [WASHINGTON.]

Participants:

The Secretary	Senators	Kefauver	Representatives	Wadsworth
Mr. Harriman		Thye		Boggs (La.)
Mr. Dulles [2]		Sparkman		Sikes (Fla.)
Mr. Cooper [3]		Hendrickson		Hale (Me.)
Mr. McFall		Fulbright		Burke (Ohio)

The above-named Members of Congress called on me on the morning of August 10 by appointment at their request to discuss North Atlantic union and related matters.

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[1] Memorandum dated August 14, prepared for the Secretary by Jack K. McFall, Assistant Secretary of State for Congressional Relations.

[2] John Foster Dulles, Consultant to the Secretary of State.

[3] John Sherman Cooper, member of the U.S. Senate, 1946–1948, 1952–1954, and special adviser to Acheson at the May meetings of the North Atlantic Council. Cooper also was senior adviser to Spofford at the first meetings of the Council Deputies in July.

Senator Kefauver opened the conversation by pointing out that all of the Members present had supported, in great measure, the foreign policies of the Government aimed at strengthening our position in world affairs. Particularly, he indicated, that support has been forthcoming in full measure for Marshall Plan assistance, Greek-Turkish Aid and the Korean imbroglio. He said that since the Korean episode he felt that there was a growing disposition on the part of Congress to want to move more quickly and more concretely in the way of developing forms of closer political organizations among the free nations of the world. He pointed to the fact that over half of the Senate and about 100 Members of the House of Representatives have endorsed one type of resolution or another designed to bring about various types of new political association of the free nations of the the world. He said he felt that the Department's attitude that had been displayed on these resolutions up to date had been negative and that public opinion on this matter had consistently been moving ahead of the Departmental view. On the basis of these observations he, and the other Members present, had decided to call on me to present their fervent feelings that the Department should recast its thinking on this general subject and move affirmatively and courageously in endeavoring to bring about some type of greater political organization among the free nations that would insure the yearning for peace so deeply implanted in the hearts of all of the American people.

Following these opening remarks of Senator Kefauver, Senator Fulbright, Congressman Wadsworth, Senator Thye, Congressman Burke, Senator Hendrickson, Congressman Sikes and Senator Sparkman in turn proceeded to associate themselves with the thoughts expressed by Senator Kefauver and to offer additional observations designed to support the general suggestions made by Kefauver.

Among the most important of these observations were the following:

1. It is essential that some form of a bold plan be devised that will afford a new measure of hope to the American people. What is needed is the will to embark upon a "bold adventure" which will capture the imagination of the American people to a degree that they will realize that their Government is ingenuously pursuing every possible path to insure a peaceful world of the future.

2. The present organizational forms for the various types of financial assistance that we are rendering the world lend themselves to costly operations and compel the United States to bear a disproportionate part of the sum total effort needed to protect the position of the free nations in the world today. If closer political association or union could be brought about, it would mean that the burden of the effort for freedom would be distributed more evenly among those nations participating in the association.

3. Our foreign policies, in the way of meeting the issues of the world, have been a series of temporary expedients with no long-term,

forward-looking design. We must, therefore, devise a program that will instill hope and enthusiasm in the minds of the American people, which, in turn, will permit the Government to move aggressively in corraling support of the other nations for closer political ties.

4. There is a growing disposition on the part of the American people to support the concept of a preventive war. This growing attitude is sired in fear and will continue to grow in volume unless some bold alternative course of action is presented by the Government.

5. Current developments at Strasbourg [4] would indicate that there is a yearning on the part of the peoples of Europe for closer political affiliation with their neighbors and the peoples in Europe are ahead of their Governments in their groping and quest for answers to the encroachments of Russian imperialism.

6. The lack of enthusiasm in Congress to grant funds for some of the types of Government programming in foreign affairs (recent action on Point IV appropriations and Voice of America funds were cited as cases in point) is traceable to a sense of frustration and lack of understanding as to the purposes behind our policies. A bold new program involving Herculean efforts to achieve some form of closer political ties among the free nations would be enthusiastically received by Congress and would make foreign aid programs easier to sell.

7. Discussions with scores of farmers on the farm sites in the Scandinavian countries have proved that we have not sold ourselves, our purposes, ideals and aspirations to the man of the soil in Scandinavia. It is important, therefore, that we devise a program that will capture the minds and the hearts of the European peoples. The fight must be with men's minds not with bullets.

8. The world knows what the United States is against but not what it is for. In the last war unity came about as a result of opposition to a common enemy. With the liquidation of the common enemy that unity disappeared and the type of unity we must now have cannot be found in negative ideals. We must unite affirmatively to carry out programs to sell the concept of our priceless heritage of freedom. To do this we must work on the lower levels as well as on the universal levels. We must let the world know just exactly what we are *for* in terms of a world society. The world only knows what we are against. The Congress does not demand of the State Department that it "carry the ball" in efforts for closer world political ties of one type or another but it does expect not to have the active opposition of the Department.

9. The people want a system of world law with force to back it up and will go to most any extreme in the direction of achieving that end result.

10. The labor movements in this country are militantly in favor of looking ahead in this quest for closer political ties and will give great assistance to the Government in the fulfillment of any move designed to achieve that purpose.

After permitting all of those present to have their individual say, I then proceeded to express my own views. I made it pointed that

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[4] See telegram 907, August 14, p. 207.

I was confident that all of those present were trying to reach the same end result—that is, the insuring of peace and security for the free world—but that the difficulty lay in the differences that exist in the appraisals of the means to the end. I stated that I had invited Messrs. Harriman, Cooper and Dulles to come to the meeting as I relied on all of them for helpful counsel in matters of major policy consideration.

I stated that I was confident that neither the people of the United States nor those in the Administration would look with any favor whatever on the idea of a preventive war and that I fully cast aside any suggestions looking toward that type of approach. Any nation embarking upon a preventive war would, in my opinion, find itself immediately without any Allies and would ultimately find itself in the unenviable position of having the world against it. The results would be too terrifying to contemplate. I informed them that I felt that today the United States Government was in the greatest danger in its history, more so even than the crucial days marked by the battle of Gettysburg and the debacle at Pearl Harbor. I observed that it was important to maintain the distinction and difference between power and potentiality. While today the advantages of power lie in the hands of the Soviet Union, nonetheless the potentialities of power are measurably on the side of the free peoples. As we approach the power in being of the Russian Government through the various programs that we now have afoot, we must realize that the hazards of the Kremlin taking unexpected action to put their power to use is ever heightened. I called attention to the fact that our estimates show that the European Military Assistance Program countries now possess about 25% of our economic and military potential while the OEEC countries together show a potential of about 50% of our own economic and military might. Europe does not have much fat to draw on in girding herself for future eventualities. If by our pressures to bring about the maximum rearming of Europe, we place an undue strain on the economy of these European nations, we subject them to the grave danger of opening the back door to Communist inroads and expansions that might serve to defeat, through political forces, the military ends we are seeking. I stated that it was important continually to bear in mind that the spirit of the European people to fight will be proportionate to the arms available to them to insure their defense. We cannot expect our European friends to show any enthusiasm for placing men in uniform if they are not fully conscious of the fact that they will have the tools and implements of defense to carry through with the job. Following the outbreak of the Korean hostilities there was a great surge of support in Europe for the principles enunciated in the Security Council resolutions. The response was heartening.

Shortly, however, this enthusiasm began to wane and a chill overtook the peoples of Europe. The question is thus drawn: "Do we have the capabilities and the military means to meet the issues that are now before us and which will continue to confront us in the future as a result of this clash in apparently irreconcilable interests?"

I next pointed up the thought that in the non-European areas of the world the consideration of which side, Russian or the United States, would be the winner in a world conflagration often plays an important part in the determination of individual national policies. In the Far East the fear of Russia and the fear of Russian imperialism is real but there is no deep-seated antipathy toward Communism as such. Nationalism in the Far East areas is a concept most fervently desired by the multitudes and it thus becomes all-important that we make crystal clear our lack of desire for imperialist or colonial control.

I assented to the thought that had been previously expressed that a mere combination of national programs designed to solve our present world problems was not enough to meet the issues with which we are confronted. Certainly one unified program of coordinated collective force is most fervently to be desired, but it is most difficult of attainment. It cannot be brought into being by a mere want. It must evolve. Today time is short. It is running out on us. In a very short time we will come to a period of extreme peril. Is it not better therefore for us to plunge all of our energies into hammering on the concept of a unity of our military and economic forces—the free countries of Europe and the United States—rather than to broaden the approach by dedicating ourselves to a mission designed to bring about, essentially on a long-term basis, the political unities which have been discussed this morning. If the answer to this should be yes would we not be scattering our energies by trying to bring about a consummation of a policy that is essentially of a longer term nature that the perils of the immediate future will permit us to indulge? I cited in this connection the highly difficult situation in which Great Britain finds itself. It is essential, of course, that Great Britain become a part of any successful political union in Europe and yet any such arrangement would have to be worked out within the realities of the responsibilities of England to the British Commonwealth. While these difficulties might not be insuperable of accomplishment, it would seem that the end could be attained only by a reasonably long evolutionary process.

Next, I questioned whether the American people themselves have thought through what any such plan of union would mean to them. Would they be willing to make the surrenders of sovereignty essential to the fulfillment of any such plan? Would they be willing to share the sovereign attribute of taxation with other peoples? If we were to start on such a project as this and then weaken in our approach because

of domestic political pressures, would we not then be in a more dangerous position than if we had not started? I concluded my observations by again emphasizing the fact that I considered time so much of the essence in the present world situation that I could not help but feel that our policy should lie in concentrating on the all-compelling essentials of common defense and to let the other evolutionary developments of political forms come at a later date.

Mr. Harriman next took up the conversation. He said that he wanted to announce at the inception that he had not read the resolution or resolutions under discussion but that he understood that they all looked to some form of closer political union of Europe and the United States. He stated that it was his feeling that some reorganization of the NAT treaty mechanism was most essential in order that we might realize the utmost of the potentialities in that organization. He pointed out that he would be alarmed, however, if we were to plunge into a new type of enterprise looking toward closer political organization with Europe, which move might well militate against our present program of urgent military assistance. He pointed out that the OEEC development with the United States and Canada participating [5] held out great promise for closer economic ties. He reverted to the fact that the Point IV program had served to electrify many of the areas of the world that would be the beneficiary of such a program but in spite of that fact Congress had to be prodded to the utmost to accept the program and did not seem to place any real significance on the idea.

At this point Mr. Harriman dilated on the general military picture in Europe by pointing out that all evidence points to the fact that the Norwegians and Turks will fight regardless of the measure of assistance on our part. In other areas, such as Denmark and the Middle East, he opined that the peoples of those sections would fight if we were to give them the necessary tools of war. He made point of the general situation of weakness in the Far East, with a great measure of fear prevailing throughout the area, which calls for us to put a real measure of strength in building up the will of these people to resist. He said that potential strength is now on the side of the free nations but that that strength requires mobilization. At this point Mr. Harriman repeated his statement that he neither approves nor disapproves of the resolutions but that he did feel that the urgency of our present situation does not permit going into ambitious programs that would tend to divert attention from the immediate needs of the moment.

Mr. Dulles next entered the discussion. He made point of the fact that his observations were essentially personal. He commented that

[5] For documentation, see pp. 611 ff.

the West is our civilization and it is therefore easier for us to devise programs of understanding with the nations of the West. The West has fallen into evil days because of its own divisions which permit the non-western powers to take advantage of us. He stated, as his opinion, that the North Atlantic Pact does not in itself create sufficient unity, particularly in terms of common defense. He said that in order to insure the maximum result from our efforts to prepare militarily for possible days of judgment in the West, some form of a federal principle of union is needed. He amplified this point by discussing the participation of the State of New York in the over-all national defense effort, calling attention to the fact that each State of the Union gives its contribution to the total national defense effort in terms of what was needed to make the most effective and complete system of total armed forces. He felt that some such principle as we applied in the United States must be brought into being among the free nations of Europe. It was his opinion that there is a marked feeling among our citizens that we are not moving fast enough in the direction of providing both the most effective forms and the substance for a common defense with the European nations.

He next stated that he could see no conflict between the various ideas which had been previously discussed by Members of Congress and myself. Admitting that unity is sorely needed, why could we not start on the immediate thing, namely unity for purpose of common defense, and then proceed from that concept to the development of other political principles of unity? Mr. Dulles stated that he does not like the Atlantic Union Resolution [6] because it involves the President, and he could not help but feel that it would interfere in our present efforts. What we must do is start on the first things and then work down the scale to those of secondary importance. History has repeatedly shown that military alliances alone are not enough to insure the security we all seek. The time calls for great creative thought. The pull of communism lies in its forwardness and aggressive design. The unity and strength in the formative period of our Republic was traceable to the fact that new vistas were opened for the development of man's mind and the regeneration of his spirit. Something more than the cohesion based on military self-protection is urgently needed.

In conclusion Mr. Dulles felt that there would be a good opportunity to harness the two major ideas that had been expressed in the

[6] Senate Concurrent Resolution 57, which proposed that the President invite the governments of the North Atlantic (Belgium, Canada, France, Luxembourg, the Netherlands, the United Kingdom, and the United States) to send delegates from their principal political bodies to a convention "to explore how far their peoples . . . can apply among them, within the framework of the United Nations, the principles of free federal union." It stipulated that "other democracies" might be invited to participate. Nonsupport of the concurrent resolution was expressed by the Department of State, and it was not brought to a vote in the Senate.

course of the discussion with the thought of applying the federal principle to problems of our common defense with further situations of union flowing from our progress made in the primary approach. He felt it most necessary that whatever be devised be something of a less formal nature than provided in the resolution, with the plan to be brought about without the Government taking an official part.

Senator Kefauver again entered the discussion by stating that my attitude and that of Mr. Harriman were, to him, most disillusioning. He stated that he could find nothing in the statements of either of us that would give any element of hope that we could meet the challenge confronting us. He said that North Atlantic Union was not intended in any way to be in substitution for present policies but rather as a *supplement* to existing programs. We want our friends to be with us as a matter of *law*. The Senator also took occasion to dispute my observation on the lack of sentiment for a preventive war. He said that he felt sentiment throughout the country was building up in that direction and that bold ideas were required to supply satisfactory alternative courses of action. In confirmation of this view he cited the recent speech of Sergeant York in Tennessee asking that we march on the Kremlin at once.

Mr. Harriman then stated that he wished to be associated with Mr. Dulles' observation and that "we must all stick together as much as possible."

Mr. John Cooper next asked to be put on record as being in favor of the Kefauver *objectives* too. He stated that in his opinion the greatest concern in Europe today is one of security and that that security can be brought about only by our unflagging and speedy assistance. We must do something immediate to reassure the European people on the security problem and not confuse the issue by diverting our energies to ideals of undoubted desirability but of considerably less urgency. He stated that the paramount question in Europe today is "Will the United States actually come to our aid militarily in the event of invasion?"

Congressman Herter interjected at this point and asked if it might be possible to have a portion of the Congressional group attending the meeting meet with a designated group from the State Department, to see if it would be possible to work out some solution that would not have the active opposition of the State Department and at the same time would satisfy those Members of Congress who are searching for answers to the questions on European Union that have been raised.

I thereupon thanked the group for calling on me and giving me the benefit of their attitude on these urgent matters and assured them that I would give consideration to the suggestion that had been made for some type of further meeting to explore further the general problem.

740.5/8–1050

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] August 10, 1950.

MR. SPOFFORD'S RETURN AND REPORT [1]

The President will be very glad indeed to see Mr. Spofford before he goes back.

I discussed with the President briefly, for the purpose of getting his general point of view rather than a decision, the principal points which we [1] had discussed with Mr. Spofford this morning; that is, (1) the need for a unified NAT staff and, eventually, a unified command; (2) the necessity for a unified production board; (3) the necessity for decisions to station more American and British troops in Europe.

The President was favorably inclined to all of these ideas. I told him that the matter would be taken up with the Defense Establishment and would reach him in an orderly way, even though it might result in some strong differences of opinion.

[1] This was one of several subjects discussed by Acheson and President Truman during their meeting of August 10.

Editorial Note

On August 10 the DFEC–WPS through its chairman, Breithut, submitted to Spofford the interim report on provisional mechanisms for financing a program of high priority defense production in Europe, which the Council Deputies had requested it to submit by that date. A copy, designated NATO FEC STAFF (50) D–17/2*a*, dated August 8, is in the S/ISA Files, Lot 52–26, NATO–Defense Financial and Economic Committee.

740.5/8–1150 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

TOP SECRET PRIORITY FRANKFORT, August 11, 1950—9 p. m.

1234. Eyes only for Secretary and Byroade. This reflects my further views on European defense in light of Department 949 to Frankfort,[1] Department 629 to London, Douglas' 720 and 784 to Department, Bruce's 741 and 742 to Department, Kirk's 359 to Department and my talks in London and Paris.

[1] See footnote 1, p. 182.

1. Fully agree with view of Douglas, Bruce and Kirk that US and UK forces in Europe should be increased as rapidly as is consistent with out [*our*] total obligations. Greater Allied strength on continent particularly in US and British elements would bolster confidence, encourage greater defense efforts and reduce corrosive effects of fear of Communist invasion. My estimate is that increase of US and British forces by say two new divisions each, together with corresponding French increase, would have profound effect. Such action must, of course, be coordinated with our other responsibilities which must be judged from Washington but full weight should be given to importance of such added forces in Europe. Beyond the psychological effect, and just as important, these additions with other available units would enable us to cope with an attack by eastern forces even though strongly augmented during the coming year, as I assume they will be. They would greatly discourage the Soviet from promoting such an attack unless they were prepared to fully deploy their own forces.

2. Subsequent exchanges of views have strengthened opinions in my 962 to Department that genuine European army provides only practical means of mobilizing Europe for effective defense. Accordingly, fully agree that immediate start should be made toward working out practical problems of creating and organizing such an army under single command and unified staff. Believe it wiser to stress its European rather than NAT aspect and to arrange for US (and if necessary UK) participation through NAT framework as suggested in Douglas' 784.

3. While German participation even in European army must await French acceptance, I do not believe US or others should defer arriving at definite position awaiting that or other developments. The uncertainty as to time available for strengthening European defense and great desirability of having largest possible strength by next summer make each month too precious to allow delay. My impression is that French will respond to the same necessities as US and will not oppose prompt action within a European army structure.

4. I heartily concur in Bruce's 742 to Department regarding program for European rearmament. Also urge sympathetic exploration of French idea for each country to make available to central agency substantial funds for common procurement. This would fit into and strengthen the European army concept and might avoid much of the delay likely to result from national procurement on agreed basis.

5. Am fully aware that execution of recommended program poses difficult problems of organization and planning but see none that could not be solved by intelligent cooperation. The essential thing is to agree promptly on the basic objectives and then tackle the practical

problems with the determination to work them out as quickly as possible.

Sent Department 1234, repeated priority information London eyes only for Douglas 98, Paris eyes only for Bruce 106.

McCloy

740.5/8–1450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET London, August 14, 1950—2 p. m.

907. Eyes only for the President.

1. Mr. Churchill [1] has written you a letter to which there is attached an enclosure. This letter etc. is going forward via the pouch this afternoon. Pending the receipt of the letter and enclosure he asks that I cable you the letter addressed to you from him as follows:

"I dare say and certainly hope that you read my speech at the Strasbourg Assembly [2] and I trust you will have an account presented to you of the deeply interesting debate which led up to the great majority by which the resolution for a European army [3] was carried. This is of course to me the fruition of what I have laboured for ever since my speech at Zurich [4] four years ago. I enclose a marked copy of what I said at that time.

The ending of the quarrel between France and Germany by what is really a sublime act on the part of the French leaders, and a fine manifestation of the confidence which Western Germany have in our and your good faith and goodwill, is I feel an immense step forward towards the kind of world for which you and I are striving. It is also the best hope of avoiding a third world war.

The only alternative to a European army with a front against Russian aggression in Europe is, of course, a kind of neutrality arrangement by Germany, France and the smaller countries with the Soviets. This is what the Communists are striving for, and it could only mean the speedy absorption of the neutral European countries

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[1] Winston Churchill, leader of the Conservative Party in Great Britain.

[2] For text of speech presented on August 11 at the second session of the Council of Europe's Consultative Assembly at Strasbourg, see *Documents on International Affairs, 1949–1950*, pp. 326–331.

[3] The resolution, adopted by the Assembly on August 11, reads as follows: "The Assembly, in order to express its devotion to the maintenance of peace and its resolve to sustain the action of the Security Council of the United Nations in defence of peaceful peoples against aggression, calls for the immediate creation of a unified European Army, under the authority of a European Minister of Defense, subject to proper European democratic control and acting in full co-operation with the United States and Canada."

[4] Churchill, speaking at the University of Zurich on September 19, 1946, called for a "partnership" between France and Germany as the first step in the creation of a "United States of Europe" with Great Britain, the United States, and the Soviet Union as sponsors.

by the methods which have subjugated Czechoslovakia, as they would be in a sort of no-mans-land between Britain, with its American air-bombing base, and the Soviet armies. They and their cities and junctions might all become involved, especially if these countries were used for the rocket bombardment of Britain.

Although none of us can tell what the Soviet intentions are, I have no doubts that we ought, at this stage, to reject the strategy of holding the Channel and the Pyrenees and strive for the larger hope.

The point, however, on which I wish particularly to address you is, what will happen to the Germans if they send a substantial contingent—say five or six divisions—to the European army, in which British and, I trust, Americans will be strongly represented, and the Soviet retaliate by invading Western Germany? Would the United States treat a major aggression of this kind into Western Germany in the same way as it would treat a swift attack on France, the Benelux or Britain, or should we let these German people, whom we have disarmed and for whose safety we have accepted responsibility, be attacked without the shield of the atomic deterrent? I should indeed be grateful if I could have your views on this.

You will note that I said at Strasbourg that if the Germans threw in their lot with us, we should hold their safety and freedom as sacred as our own. Of course I have no official right to speak to anyone, yet after the firm stand you have successfully made about Berlin, I think that the deterrent should be made to apply to all countries represented in the European army. I do not see how this would risk or cost any more than what is now morally guaranteed by the United States.

Perhaps you will consider whether you can give any indication of your views. A public indication would be of the utmost value and is, in my opinion, indispensable to the conception of a European front against Communism. Perhaps it may be the case that Mr. Acheson, or your representative in Germany, has already given an assurance in this respect.

You may perhaps have noted the unexpected and fortunate fact that the view of the German delegation, who represent all parties in the German Government, is that Germany should send a contingent to the European army (say of five or six divisions), but should not have a national army of her own. I have feared they might take the opposite view, namely, 'Let us have a national army with its own munitions, supplies, and the right to re-arm, and we will then give a contingent to the European army.' I need not say what an enormous difference this had made to the French view. They and we can get it both ways.

With kind regards."

2. Reference to his Zurich speech is to be found on page 201 of *Sinews of Peace* by Winston S. Churchill, "A Collection of Postwar Speeches" published in book form by Houghton Mifflin Company, Boston, the Riverside Press Cambridge, 1949.

DOUGLAS

740.5 MAP/8–1650 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, August 16, 1950—6 p. m.

990. ToMAP. For Matthews, Perkins and Spofford and ECA/ Washington for Wood[1] from Douglas. Reference London Ecato 1021 sent Paris as Torep 6880.[2]

1. Question of NAT and OEEC relationship, and for that matter relationship of both to Council of Europe, is of obvious importance. For OEEC to continue planning without regard to impact of increased military preparedness on civilian economy would be unrealistic and dangerous. However, I am not satisfied that reftel reflects sufficient consideration of several intangible factors and believe we should move with considerable caution before we divulge to other governments any position such as that defined in reftel. I recommend against further substantive discussions for time being between OSR and OEEC such as reported in Repto 4492 to Washington.[3]

2. The very fact that not all members of OEEC saw fit to join NAT points up one of these intangible issues. If the "neutrals" are not prepared to join in the concept of collective defense, then we must be very chary of giving them any implicit control (under the principle of unanimity by which OEEC works) over the economic problems which underlie real solution to defense needs and which might thus militate against an adequate solution for filling the power vacuum in Europe. The fact that habits of cooperation and a working Secretariat as established in OEEC should not be confused with the fundamental necessity for achieving urgent and adequate action by NAT countries in regard to defense problem.

3. A second intangible derives from what I believe would be a subconscious revulsion against adequate defense efforts in Europe on the part of persons who have been working with such zeal on the concept of "economic recovery". This reluctance is mirrored in the inadequacy of initial government responses to Depcirtel July 22 re increased defense efforts. Governments, particularly those dominated or predominantly influenced by social parties, are finding great difficulty in facing the bald fact that adequate defense will require some curtailment of their basic social planning. Pertinent here is the concept of full employment, which appears in the OEEC charter, and all its implications reflecting the placing of the individual's economic

[1] C. Tyler Wood, Assistant Administrator for Operations, ECA.
[2] August 11, p. 665.
[3] August 12, p. 668.

security above that of national security. Our US problem in trying to exercise leadership in the NAT is to find the appropriate balance between worthy and necessary economic and social objectives and the stark requirements for an adequate defensive strength in Europe. The point is that adequate defense cannot be built within the time available in Europe unless there is some compromise of, or retarding in, Socialist plans and the resultant question is whether OEEC is the arena in which to try to work out this compromise.

4. The implication of German participation in OEEC, while it is not in NAT, is important, but consideration should be given to other alternative methods of tying Germany in with increased defense effort. For instance, some relation through Western Union or Council of Europe. We should further examine the question as to whether initial German contributions in terms increased utilization German basic industry in fact need any specific correlation through an international organization.

5. Seems to me reftel puts primary functions of OEEC as analysis impact of defense programs on Western European economies. This seems to be putting wrong emphasis on basic problem and might lead to results other than those which we would hope to see achieved. Second and third sentences paragraph 5*c* reftel, and third sentence paragraph 6 implies our belief OEEC personnel will strive energetically to increase defense efforts. My own view is that opposite might be the case, particularly so long as UK Government continues to exercise so strong an influence in OEEC. NATO was conceived on different basis than OEEC, is just in process of development and that development should not be confused or diffused at this time by bringing OEEC too strongly in picture.

6. I believe ECA as the American agency administering economic aid must work in closest cooperation with US agencies involved in NAT and MDAP matters and can be of invaluable help to NAT objectives. US economic and military aid must be so correlated as to be mutually supporting and lead to greatest achievement of the three objectives of the US policy in Europe, i.e. the sustaining of reasonable level of economic progress and expectation, the rebirth of a will to fight in defense of our civilization and the recreating of military strength which combined with our own will offer a real basis for successful negotiation toward peace with USSR. I question, however, whether it is necessary or wise at this time to bring OEEC into too direct American responsibility with regard to economic aspects of increased defense efforts in Europe. Would appreciate your comments on above.

Unfortunately Kenney [4] away from London for several days and I am therefore forwarding this telegram without his comment in order to avoid undue delay.[5]

Sent Department 990, repeated information Paris 248 for Bruce and Bonsal,[6] Frankfort 133 personal for McCloy.

DOUGLAS

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[4] W. John Kenney, Chief of the ECA Mission in the United Kingdom.

[5] In telegram 987 to London, August 22, not printed, Douglas and Spofford were informed that the Department of State and ECA concurred in the views and recommendations presented in telegram 990 and would comment in greater detail after further consideration of the OEEC–NATO relationship (740.5 MAP/8–1650).

[6] Philip W. Bonsal, Political Adviser to the U.S. Special Representative in Europe, ECA.

740.5/8–1650

The Deputy Under Secretary of State (Matthews) to the Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance (Burns)

TOP SECRET [WASHINGTON,] August 16, 1950.

DEAR GENERAL BURNS: The various interested officials of the Department of State have concurred in the principles set forth in the attached paper subject to consideration by the Secretary subsequent to his return. It is known that the Secretary is in general agreement with the concept advanced in this paper, but he has not had the opportunity of examining all of the conclusions and recommendations of this particular paper.

It is our desire to reach early agreement with the Department of Defense on the subject matter covered in this paper and that the general concept be approved by the President. The urgency of the situation, the scheduled departure of Mr. Spofford for Europe, and the desire to approach the French and British Governments sufficiently prior to the meeting of the Foreign Ministers scheduled next month to allow consideration there, all indicate that no time should be lost in arriving at the necessary decisions. Subject to approval by the Secretary, we therefore desire to place this matter before the President by the beginning of next week at the very latest.

Department of Defense concurrence or comments would therefore be appreciated at the earliest possible date. Representatives of the Department of State will stand available for joint discussion of the substance of this paper if that should prove desirable from the viewpoint of your Department.

Sincerely yours, H. FREEMAN MATTHEWS

[Enclosure]

Establishment of a European Defense Force

ESTIMATE OF THE SITUATION

The creation of a more effective defense system in Western Europe is of critical importance. The inability of the Western forces to protect this vital area of Western civilization from possible Soviet aggression, though realized as a security matter, has now created a problem which is rapidly becoming acute in the psychological and political field. Thus, while a greater measure of defense capability is needed for possible protection of this area, it is becoming equally important to prevent the dangerous trend towards a fear and resignation psychosis that could in the last analysis through loss of confidence and of political strength result in destroying the moral tissue without which there can be no security effort.

The efforts of the Western European countries, with assistance from the United States, to resist the spread of Communism in Europe have been on the whole admirable. Communist Party strength, and hence Soviet control, in Europe west of areas under complete Soviet control has steadily declined. Even in Germany, a divided country on the very edge of the Iron Curtain, the will to resist Communism and make a free choice towards the West has been particularly strong. Again, in Germany, the Western Powers hold the initiative vis-à-vis Soviet influence more clearly today than at any time in the past several years, in spite of a more vehement and vigorous attack recently directed by the Soviets against this area. It is only the threat of crude force and the fear of possible Soviet occupation that can deprive the West of its present initiative. Hence we can conclude that there is no lack of will to fight amongst the peoples of Western Europe provided there is the confidence that is inspired by the feeling that they have at least a chance of success in the defense of their countries.

We have embarked on a program through the North Atlantic Treaty Organization and the Military Assistance Program of building up European and Atlantic defense forces to provide both real strength and the confidence that such strength inspires. The long delay in the completion of such programs has become increasingly more apparent since the launching of Communist aggression in Korea and the failure of U.N. forces to rapidly cope with the North Korean aggression. The fact that the staunch defender of the Western cause, the United States, could not promptly turn back the threat to South Korea has caused many in Europe to contemplate their own fate if the present forces in being in the Soviet Union were turned upon them. They have not forgotten the greatness of American military

strength in two wars in Europe and do not doubt our long range capabilities. However, this trust in the eventual capability of a mobilized America cannot dispel their hopelessness when they feel, and perhaps rightly, that their Western Civilization could not survive another occupation—and this time at the hands of the Soviet Union.

Moreover, it has become increasingly more apparent to each nation in Western Europe that their individual efforts, regardless of the proportion of their national income they expend for military production, cannot effectively defend their own borders. Since the Korean invasion the urge for a "common defense" has rapidly multiplied. The will to sacrifice for the common defense seems to be accepted in all quarters. Likewise, the need to increase the industrial and military potential of the West through some acceptable solution for the contribution by Germany to European defense is becoming more apparent.

The Department of State has opposed, and still strongly opposes, the creation of German national forces. This view is supported by the United States High Commissioner for Germany and by the U.S. Ambassadors in the major Western European countries. Such a move is strongly opposed by France who is assuming more and more the position of leadership on the Continent.

We have long conceived, however, that an effective European integration, including Western Germany, would provide the basis for eventual German contribution to the common cause in Europe, even in the security field. The advent of the Schuman Plan for coal and steel and the general deterioration of the world situation has caused a rapid increase in the feeling to unite Europe in all fields possible, including the military. This situation can be further strengthened by evidence of a United States willingness to accept the responsibility inherent in full participation in the European defense effort. If such participation is forthcoming, it is believed conditions may now be favorable in Europe for creating a really effective European Defense Force which could assimilate a direct contribution by Germany in the common defense of Western Europe in a manner acceptable to all concerned. This involves in practice the voluntary surrender of a degree of sovereignty in the most vital of all elements of sovereignty, i.e., the security field. Such would follow from the establishment of an international Commander with real authority as the European Nations would, in such an arrangement, accept the fact that their own units would be utilized for the common defense of Western Europe as contrasted to the protection of individual boundaries. If properly handled a partial surrender of sovereignty in the military field could become a driving force toward further unification in Western Europe. It now devolves upon the United States to determine whether, along

with the assumption of a greater measure of responsibility on our part, the European nations are prepared to accept such a major move for the common effort.

Full United States participation in European defense, the addition of German industrial and manpower potential to that of the West, a general increase in Allied troops in being in Europe, and public knowledge of the establishment of a command structure with real authority would not only provide an atmosphere of confidence but the morale to insure maximum contribution from all concerned.

This implies the formation of a European Defense Force of United States, U.K. and Continental military contingents, including those from Germany, under a Supreme Commander with full Command authority and supported by an international General Staff. It implies eventual German membership in the North Atlantic Treaty Organization. It also implies central direction of production and procurement for military purposes under a concept of European-wide procurement which would at the same time maintain the dependent nature of German forces in that they would not be supplied in vital equipment from German industry. From the German viewpoint alone, if for no other reason, the Command, General Staff and procurement organization must necessarily be international in character to the extent that it is evident everywhere that there has been formed, not only on paper but in actual practice, a European Defense Force as contrasted to a voluntary assemblage of purely national forces. Combined informational media should be utilized to the utmost in insuring public knowledge of this overall motivating concept.

United States leadership would be essential for bringing into being such a European Defense Force. It seems essential that we take advantage without delay of the opportunity that may now be afforded towards increasing the effectiveness of our Allies in the present situation. The preliminary decisions required by this Government should be defined and dealt with so that our representatives will be in a position to explore such a concept at an early date with other governments concerned. Such decisions required by this Government are believed to be covered in the analysis below.

Basic Elements in the Formulation of a European Defense Force

A. *Over-all Direction by Governments.*

The European Defense Force would be subject to the NATO political and strategic guidance exercised through the existing NATO structure until more precise arrangements may be agreed to. Political guidance would be provided by the Deputies through the Standing Group. Strategic guidance would be furnished by the Standing Group reorganized along the lines of the wartime Combined Chiefs of Staff,

serviced by adequate staff organization under a US Director. This involves delegation of increased authority to the Standing Group both by the governments represented on it and other governments. It is believed that all governments concerned are now substantially prepared for this step.

B. *Command and General Staff Direction.*

There should in due course be a single commander for the European Defense Force who shall have delegated authority from Governments for complete jurisdiction over the units comprising his force. This power would be similar to the type delegated by the Combined Chiefs of Staff in the last war to Generals Eisenhower and MacArthur. This is a vital step in the organization of the force. To obtain maximum effect for this concept an American commander should be selected for this post. The political value of a U.S. commander carrying with it the implication of full U.S. participation and the well-known feeling of responsibility which the U.S. holds towards its representatives will add an element of strength to the European Defense Force concept and be a clear indication of the full commitment of the U.S.

It is not believed that the European nations will interpose any objection to such an appointment. Any objection on their part would be made more difficult by the announced intention of the U.S. to materially increase its present forces in Europe, a measure which is of great importance in itself to effective strength in Western Europe. It is recognized that the keystone of European defense will center around what is now the Western Union grouping and which will be augmented by U.S. and German contingents. The overall commander must be close enough, both in location and organization, to perform command control of these units.

It is conceivable that in the actual war situation a single European commander may not prove the most efficient organization for the conduct of the European war. It may be necessary to split the European region as was done between SHAEF and the Supreme Commander, Mediterranean in World War II. Operations in wartime in the European Theater may not be mutually supporting and may be of a greater extent than a single commander can effectively control. However, during the period when the European Defense Force is being organized and trained, the psychological effect of a single commander far outweighs any considerations of a figure of lesser jurisdiction. As the plans of operations develop within the regional groups, the decision as to further subdivision of command can be easily determined.

The single commander should be serviced by an integrated staff. The composition of such a staff should be drawn from the nationals of

the European nations and include full American participation. Since the general staff is without true command responsibility, there should be no hesitation to utilize German nationals on this staff without regard to level of position. This integrated staff should service the overall commander with all necessary staff support for field direction. It would not be burdened with procurement. The establishment of such a staff (Cossack [1] pattern of World War II), less German participation, appears to be a matter of urgency and should be initiated without awaiting action on all aspects of the problem as defined in this paper.

C. *Field Forces.*

The field forces which comprise the European Defense Force should be composed of national contingents. The national contingents will comprise insofar as possible all national forces of the European countries concerned. No such national units committed to the European Defense Force should be withdrawn by any nation without common consent.

The organization of Army Group, Field Army and Corps (and the comparable units of air and navy) should present no difficulty and is a matter for decision of the over-all commander. For maximum efficiency it may be desirable not to carry the international aspect of the force below the lowest completely balanced ground, air or naval fighting unit. The German contribution presents a special problem. It is considered that a maximum rank should be established for German commanders at about the division command level. German units of division strength should be integrated with non-German units in corps and higher units. The German contribution to the European Defense Force would be in terms of ground units only, with other nations providing naval and air contingents, including the tactical air force. Germany having no overseas commitments would have no loophole under which she could withhold her contingents.

As regards internal use of EDF forces, withdrawal of national units from the European Defense Force should be considered only in the event of a crisis effecting the security of the entire area.

D. *Production, Procurement and Supply.*

The field of production, procurement and supply vitally effects the concept and its organization should parallel the international character of the European Defense Force. This is essential to insure practical implementation of the balanced force and common defense principles. Supply of these forces should be based upon the general theory of contribution in proportion to national capabilities. Responsibility and authority for the direction of production, procurement and

[1] See footnote 1, p. 183.

supply of major items should be centralized to provide leadership and insure against wasted and misdirected effort.

This should be done within the framework of the NATO Military Production and Supply Board by setting up an executive group, highly qualified in the production field, supported by an integrated staff oragnized on the lines of a war production board for Europe. In view of the large U.S. contribution which will be made in this field and the power which resides in such contributions in appropriated dollars and counterpart ECA funds, the director of this group should be an American. Also, as an American, it is obvious that he would be less susceptible to charges of favoritism in making European allocations. One of the general principles in the production field, and this is of great importance, is that production and procurement should be so adjusted that the heavy weapons, ammunition and spare parts for essential ordnance material would not be produced in Germany. Such a concept would in a very practical way more effectively tie Germany to the West. Final determination of requirements for the European Defense Force would be determined by the Standing Group.

E. *National Security Organizations.*

The national security organizations of contributing nations will continue as presently organized with such defense ministers, national general staffs and national supply agencies as exist. However, the national general staffs shall be outside the command channel between the supreme commander and the units of the nation concerned in the EDF. They will continue to exercise command relationships to such national forces not a part of the EDF as provided in the exceptions noted in paragraph B. Within Germany there should be no general staff but a federal ministry should be established to organize recruitment of the German national units. This federal ministry would be in the nature of and in general perform the functions which the Army Service Forces (U.S.) performed during World War II. It will be a procurement and service agency without command responsibilities.

Certain conditions must be accepted in considering a German contribution to the European Defense Force. The federal ministry will organize the recruitment of individuals within Germany which initially will be raw blocks of manpower not organized in combat units. These groups will be turned over to the European supreme commander for organization and training. Such training should logically be done in Germany since the rationing and pay of individuals would be done by the German Government. However, such training could be done in other western European countries, if facilities exist and if deemed politically more desirable. After completion of training into effective units, the German contingents would logically be positioned in Ger-

many. This means in effect that German units will be organized, probably will be trained and will be garrisoned in Germany. It is of utmost importance that the European character of these units be emphasized throughout. The ordinary detail of such matters as insignia, flags, uniform characteristics and titles of military rank should advance the European concept wherever feasible.

F. *Equipment.*

The rapid provision of the necessary equipment for the European Defense Forces is vital, not only for its effectiveness in combat but as a psychological factor in furthering the concept of real strength being extended to Europe. This is particularly true in the case of Germany, although undoubtedly true as well in France and the low countries. A paper force without equipment could give little real lift. The U.S. should immediately review its programs to determine what equipment can be diverted as a matter of priority to the initial supply of the European Defense Force, which could later be supplemented by procurement on a North Atlantic wide basis, in which Germany would be included.

CONCLUSIONS

1. The United States should accept the concept that the formation of a European Defense Force, of international character, involving increased US, UK and Continental forces (including those of Germany) is in the security interests of the United States.

2. To insure the international aspects of such a force it would have to operate under a single commander and be served by an international General Staff. As a step in this direction, and to meet an immediate requirement in its own right, there should be appointed at an early date a Chief of Staff for Western Europe (for an eventual Supreme Commander) with adequate international staff. A priority mission of this staff would be to plan the organization of the European Defense Force.

3. Such a force would be under the higher direction of the NATO Standing Group reorganized along the lines of the Combined Chiefs of Staff, with adequate staff support under a US director. The Director should be given a broad directive from the Standing Group (for the US and other national JCS) and full freedom to plan within this directive.

4. For the maximum utilization of production capabilities, as well as to further the concept of the European Defense Force it would be necessary to place production and procurement of major items under central direction.

5. To achieve the desired results it is essential that full participation by the United States be extended to NATO European Defense Organs.

Specifically this would require that the Supreme Commander of the European Defense Force be an American national and that full US participation be extended to the International General Staff. The international production and procurement organization should also be headed by an American.

6. That the concept of the formation of a European Defense Force should be discussed as a matter of urgency with the European nations concerned. In order not to prejudice the successful outcome of discussions with the French and British, and eventually with the Germans, it is imperative that the utmost secrecy be maintained as to the nature of these conclusions.

RECOMMENDATIONS

1. That the above conclusions be approved and the Secretary of State be authorized to proceed with the necessary diplomatic negotiations.

2. That the governing principles for the formation of a European Defense Force as outlined in this paper be accepted for planning purposes within the US Government and as a basis for discussion by the Secretary of State with the representatives of European nations. Final decision by the US Government on the details of the plan should be made only after consideration of the views of the other governments involved.

3. That the Departments of State and National Defense formulate plans so that the necessary steps can be taken to implement these decisions when intergovernmental agreement thereto has been reached.

740.5/8–1750 : Telegram

The Secretary of State to the Embassy in Iran

SECRET WASHINGTON, August 17, 1950—4 a. m.

302. As you are no doubt aware, this Gov under considerable pressure from Turkey for inclusion in NAT and implications this question are currently being discussed in Dept. Turkey cld not of course be included without similar inclusion Greece and this raises serious problem status of Iran.

By terms of treaty NAT confined to "Eur" states and inclusion Iran wld require renegot. Furthermore it seems doubtful other pact states wld willingly agree inclusion a country remote from defense area involved and at moment at least a definite mil liability.

However, during course of past few years in public statements by US and UK officials and by gen US approach to problems in area, Iran has become associated with Greece and Turkey and it seems reasonable to suppose that if Greece and Turkey were included in NAT

and Iran left out, Irans wld feel themselves abandoned and there might be repercussions of most serious nature. While whole question still in discussion stage and all possible ramifications and alternate solutions being examined, it wld be most helpful have ur analysis at this time of reaction of Iran to inclusion Greece and Turkey in NAT without making some clear commitment to Iran whether connected with NAT or not.

ACHESON

782.5/8–1750 : Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET WASHINGTON, August 17, 1950—4 a. m.

483. Re Embtel 460, August 10.[1] Dept in process formulating position re incl Greece and Turkey NAT. It is urgent to formulate US position since Fr and Brit NAT Deps may raise ques with Spofford in Lond after NAT Deps reconvene Aug 22.

In view extreme complexity this problem and impossibility anticipating ultimate US attitude you shld not encourage either official or informal Grk approach at this time.

Two of several perplexing problems re admission GT are:

1. If, as members NAT, GT realize fact NAT powers, with present capabilities, cannot commit substantial forces to GT in event aggression, wld net effect incl GT be more harmful than not?
2. Assuming GT included NAT, what measures can be taken indicate effectively to Iran and USSR continuing US interest in independence and integrity Iran?

Ur comments requested particularly re question 1.

ACHESON

[1] Not printed.

740.5/8–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, August 17, 1950—7 p. m.

852. Parodi and Alphand have just handed me supplementary French memo on rearmament dated today whose original text follows. It is being handed to other NAT diplomatic representatives here but is not to be made public. Following is verbatim text:

"1. In its memorandum of August 5 [1] the French Government affirmed its decision to implement a supplementary defense program of

[1] For additional information on the memorandum of August 5, see editorial note, p. 1382, and despatch 564 from Paris, September 1, p. 1383.

2,000 billion francs including among other things the equipment of 15 new divisions. An effort of this magnitude cannot be fully effective unless it is placed within the framework of a collective organization oriented in all branches pursuant to a common directive. As already stated, the French Government wishes to make its views in the matter clear.

2. Its conception is not inspired in any way by theoretical considerations. The nations signatory to the Atlantic Pact are confronted with a huge group of countries whose resources have been pooled. The Atlantic nations, on the contrary, have too often acted without coordination. Although the sum total of the credits that they are devoting to national defense equals the military budgets of the countries from which they can fear aggression, although their human and industrial resources are far superior to those of their possible adversary, the practical results as regards the magnitude and the effectiveness of the means on hand cannot be compared. It is clear, therefore, that the policy followed and the existing organization do not meet the urgent requirements of the situation and that they give rise to duplication, waste, and loss of strength, which unity in conception and execution alone can eliminate.

3. The French proposals are based on the experience of the last two wars:

In 1914, France had at first to carry almost alone the military and financial burden of the war. Little by little unity of organization became imperative and was obtained by the appointment of the Commander-in-Chief and the economic and financial agreements concluded between France, Great Britain, and the United States.

During the last world war, it was only in 1942 that unity of conception and direction was achieved thanks to the personal relations of two great statesmen, the conclusion of the lend-lease agreements and the establishment of joint agencies of execution.[2]

Today it is a question, in time of peace and to safeguard the peace, of establishing a collective system and of avoiding the heavy sacrifices resulting during the last two wars from inadequate and belated organization. The Atlantic Pact constitutes the permanent legal framework making it possible to ensure, on the diplomatic, military, and economic level, the coherence of forces and the distribution of burdens.

4. The object of our undertaking must constantly be called to the attention of public opinion: it is not a question of preparing for war, but of organizing a defense strong enough to preserve the peace.

The general policy of the Atlantic nations with regard to a possible aggressor should be discussed in common. The initiatives of any kind to be taken to this end by any one of us must, in so far as they concern the relations of all with the possible aggressor, be decided in common, either by our qualified representatives on the Atlantic Council or through diplomatic channels.

5. In the military field, the Atlantic nations must move quickly toward unity of command. Plans must be made for the constitution of an agency which, like the combined chiefs of staff in the last war, is

[2] For documentation on the decisions reached by President Roosevelt and Prime Minister Churchill at Washington in January 1942, see *Foreign Relations*, The Conferences at Washington, 1941–1942, and Casablanca, 1943, pp. 1 ff.

capable of determining the general strategy from now on and of directing all operations according to a single conception. The French Government thinks that for this purpose the permanent group [3] should henceforth function as a general staff. It would thus be in a position to become the organ of the High Command of all possible theaters of operation, avoiding the present division (*cloisonnements*). Every possible theater of operations, the limits of which would be fixed in advance by common agreement, would be placed under one command with a general staff which would be subordinated to the permanent group. The present regional so-called "planning" groups would thus be eliminated.

The permanent group would moreover be charged with determining the military means necessary for carrying out an effective common defense. It would collaborate for this purpose with the executive agency whose establishment is provided for in paragraph 8 below.

All the agencies, whether established under the Brussels Pact or the Atlantic Pact, which are at present duplicating work should also be eliminated.

In order to enable the Atlantic Council to provide for the measures necessary for ensuring the implementation of the coordinated defense plans in this sense, the French Government proposes that the Council of Deputies invite the permanent group, in consultation with the qualified representatives of the countries signatory to the Brussels Pact, to transmit to it at an early date, to be fixed, precise proposals for the reorganization of the military institutions of the Brussels Pact and the Atlantic Pact in the sense indicated above.

6. The concern for putting our resources to the best use should lead us to centralize and manage in the most efficient manner the greatest possible part of the means alloted by each country to defense needs, which implies:

(*a*) The establishment jointly of a general program including standardized arms and equipment to be produced, the forces to be raised, the substructures to be established, the stocks to be built up and, in general, all the expenses of common defense;

(*b*) The most rapid production possible of the arms and equipment which are the subject of the joint program, taking care to use to the fullest the production capacities of the Atlantic countries and to standardize, to the full extent necessary, the matériel used;

(*c*) The fairest possible distribution of the financial burdens of the common defense;

(*d*) Application of a joint policy looking to the distribution of raw materials and means of transport, as well as to the fight against inflation;

7. In order to attain the objectives thus defined, the French Government proposes the establishment of a "joint budget". Concentration of the elements of financial contributions seems really the only means for establishing the collective organization which we believe indispensable.

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[3] A marginal notation on the source text indicates that the French Embassy considered this to mean the NATO Standing Group.

The joint budget would progressively assume charge of as much as possible of the military expenses which, according to present methods, are dispersed in the national budgets; it would be credited with contributions that would be paid into it by the different states, as well as with the proceeds from special receipts that might be voted by all the parliaments for the defense of the peace. It would favor the carrying out of collective credit operations. Finally, it ought to assure an equitable equalization of the burdens among the participating states.

Thus the expenses of joint defense fixed by the participating countries would be covered under conditions of effectiveness and economy very much superior to those resulting from the individual administrative activities carried on at present.

The French Government must however, emphasize that the joint budget is merely the instrument of the policy which it wishes to see applied by the Atlantic nations and does not represent an end in itself. If some other financial system will permit attainment of the same objectives, the French Government is ready to examine the methods thereof with the participating countries.

8. The application of such policy demands the setting up under the control of the Atlantic Council of an executive body endowed with the broadest possible powers of decision. Such executive (body) would be charged with all the missions described in paragraph 6 above. However, save in exceptional cases, it would not itself be empowered to place orders or make payments. Such operations being reserved, within the framework of decisions taken, to the national administrations acting as agencies of the executive (body).

9. The European countries of the Atlantic Pact can and must supply a large part of the joint production effort. They have at their disposal unused resources of labor and productive capacity. However, the defense policy must not lead to abandoning the constructive action undertaken by the European countries during recent years in order to free trade, create a single market, specialize production and coordinate investments. It should, on the contrary, confirm this development, hasten the realization of the European community and improve the productivity of its economy.

10. The French Government must recall to mind the fact that the defense effort cannot be carried out except on sound economic bases. The financial stability of the European countries, the maintenance of a sufficiently high standard of living for their people must be considered as a capital element of their defense potential. The Atlantic nations must take care that the economic and social consequences of the effort undertaken do not give to a possible adversary advantages perhaps more certain than those which they might expect from the exploitation of his military means.

Furthermore, certain currencies must not run the risk, because of this effort, of becoming more devalued than others. Confidence in European currencies which, in many cases, has been established only recently and still precariously, must be safeguarded.

The countries of Europe cannot let themselves drift into a policy of inflation such as the adversaries of the Atlantic Pact are hoping

for and predicting. Specific pledges in this respect should be signed by the different countries.

It is necessary that through an appropriate monetary agreement among the countries participating in the pact, the stability of national currencies with respect to one another and particularly their stability with respect to the strongest of them, the United States dollar, be guaranteed. The guarantee machinery adopted should obviously not result in causing any one country to support the burden of an inflationary policy which might be followed by another participating country.

11. It goes without saying that the institution of the necessary collective organization should not have the effect of permitting any country to defer the efforts which it is in a position to make immediately. That is why the French Government hopes that the priority armament program which is being worked out may be executed with the greatest possible speed and that a temporary system may be set up for covering these urgent expenses. It should not be forgotten, however, that this immediate program must, subsequently, be integrated into the general program and that the institution of a collective organization, which is an essential task, must be decided upon and undertaken without any delay.

12. The French Government is extremely anxious to know whether the Government of the United States and the other governments which are members of the Atlantic Pact are in agreement with the above-mentioned principles.

The organizations necessary for carrying this out can be studied as soon as the principles themselves are decided on. That is why a prompt reply appears necessary.

The French Government has, at the same time, made known through the present memorandum certain possible methods of execution. It would be ready, naturally, to discuss them as soon as an agreement is reached on principles and to consider any other arrangements which would permit the attainment of the object agreed upon."

Sent Department 852; repeated information London 242.

BRUCE

740.5/8–1750 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET PRIORITY WASHINGTON, August 17, 1950—7 p. m.

890. For Amb from Perkins. Cirtel being sent other NATO Missions requesting confirmation govts agree discuss replies Depcirtel Jul 22 at second session Deps. UK only country which has stated full substance reply not to be made available NATO.

I am sure you will agree US shld not acquiesce in this position or engage in secret bilateral negots within NATO framework. As you immediately foresaw, the Brit dol aid request (which promptly leaked) has had deterrent effect upon level of effort.

While UK will not relish NATO discussion in which US must make clear cannot accept all conditions placed by UK and others on offers and must indicate not satisfied UK has done all it can, believe you shld convey our conviction Deps must come to grips with problem, which requires tabling of country positions.[1] Under circumstances US can hardly refrain from discussion sought by and expected by other nations even if UK adheres to position amount and conditions upon dollar aid underlying its additional program shld be secret shared only by US. [Perkins.]

ACHESON

[1] Ambassador Douglas, in his telegram 1124 of August 22, not printed, informed Perkins that Holmes had made a strong approach on this matter to Sir Pierson Dixon, Deputy Under Secretary of State, Foreign Office, and Acting NATO Deputy Representative. Dixon objected to multilateral discussion of the British reply but agreed to raise the question in the Foreign Office. (740.5/8–2250) In a follow-up report, Depto 55 of August 22, midnight, not printed, Spofford said the Foreign Office agreed to circulation of the public version of the U.K. reply but required more time to consider the advisability of discussing the reply in the NATO meeting of Deputies (740.5/8–2250). At Dixon's suggestion, Spofford and Holmes were scheduled to discuss the matter further with Bevin the following day.

740.5 MAP/8–1750

Memorandum by the Deputy Under Secretary of State for Administration (Humelsine) to the Secretary of State

TOP SECRET [WASHINGTON,] August 17, 1950.

1. Attached as Tab A is a paper which sets forth certain recommendations concerning the organization needed to provide direction for the MDAP, to coordinate our NATO and MDAP efforts, and to support the Deputy U.S. Representative to the North Atlantic Council (Mr. Spofford). These recommendations involve the relations of the Department of State to the Department of Defense and to ECA. This paper has been thoroughly discussed in the Department but has not been taken up with the Department of Defense.[1]

2. At the present time, the Department of Defense has under consideration certain other proposals made by the Department of State that are closely linked to NAT and MDAP. These proposals include the following:

(*a*) The establishment of a European Defense Force and the extent to which the U.S. will participate in and support that Defense Force.

(*b*) The selection of an American to be the Commander in Chief of the European Defense Force.

[1] This paper, attached as Tab A to the source text, is not printed. The title of the paper is "Draft Letter from the President to the Secretary of State." No final, signed copy of the letter has been found in the Department of State files.

(*c*) The creation of a body to allocate production and supplies for the European Defense Force and the selection of an American to head it.

3. The Department of Defense regards the proposals set forth in Paragraph 2 above as purely military in nature. There appears to be little disposition on the part of the Department of Defense to recognize that decisions made with respect to the substance of Paragraph 2 must be made in terms of our foreign policy.

4. A further item relating to NATO and MDAP which is still pending concerns Mr. Spofford's terms of reference. To date, Mr. Spofford has not been provided with terms of reference because those proposed are being held up by the Department of Defense.

5. The matters concerning our NATO and MDAP efforts now before Defense, referred to in Paragraphs 2 and 4, and the paper attached as Tab A are on dead center at the moment. What is required are decisions on certain basic propositions, which include the following:

(*a*) Does this government desire to create a European Defense Force and, if so, to what extent are we willing to participate in and support it?

(*b*) Is this government prepared to give whole-hearted support to the NATO, and how are our efforts in Europe through the NATO to be related to our obligations under the UN Charter?

(*c*) The Department of State must be recognized as the Department of the government having primary responsibility for formulating foreign policy and that it is the department through which our relations with foreign governments are conducted.

6. If our objectives are defined, the problem of how to organize to do the job is simplified. The attached paper provides for the coordination and direction of the NAT and MDAP in a manner consistent with the responsibilities and authorizations given to the Secretary of State by Executive Order. However, the organization proposed would function with difficulty if the basic decisions referred to above are not made.

740.5/8–1750

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 17 August 1950.

DEAR MR. SECRETARY: I refer to the Department of State's letter of 16 August and its enclosed paper on the establishment of a European Defense Force.[1]

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[1] *Ante*, p. 211.

With regard to the rearmament of Germany, I note that this paper represents a substantial modification of the position taken by the Department of State in NSC 71/1 (Rearmament of Western Germany).[2] As you know, the National Security Council is still seized of this problem. Further studies are in process in this Department with a view to an early resolution of the question by the National Security Council Senior Staff. Your Department's position, as expressed in this paper, will be taken into consideration in connection with these studies.

Your paper, however, raises much broader questions in connection with the establishment of a European Defense Force. As you will appreciate, a number of difficult and gravely important military problems are involved, which have been under study here for several months.

The Department of Defense will expedite the completion of its studies and will furnish its comments on your proposals as quickly as practicable.

In view, however, of the difficulty of the problems and the far-reaching importance of the answers, it is not possible that this can be accomplished prior to Mr. Spofford's departure.

Sincerely yours, LOUIS JOHNSON

[2] Scheduled for publication in volume IV.

740.5/8–1850 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, August 18, 1950—1 p. m.

Brit Emb Aug 14 gave Dept copy FonOff instr to Brit WU Ambs [2] which may be sumarized as follows: Brit Amb is to inform PrimMin of country to which accredited that:

1. In view ever-present possibility Korean situation may be exploited by Sov in diversionary actions gravely affecting Western Eur as well as Far East, UK feels Brussels Powers must act concertedly to remedy manpower deficiencies.

2. Brit is prepared to "improve" regular forces and extend conscription term to two years when Parliament reconvenes Sept 12 and feels occasion provided for new demonstration WU solidarity if other govts take similar decisions. It wld be regrettable if Brit had two year conscription period while continental term remained 12 months.

[1] Sent to Paris, Brussels, The Hague, Luxembourg, Rome, London, and HICOM, Frankfort.

[2] Copy attached to a letter dated August 14 from B. A. B. Burrows, Counselor of British Embassy, to James C. Bonbright, Deputy Assistant Secretary of State for European Affairs; not printed (740.5/8–1450).

3. Once decisions of principle reached, defense minister shld meet to discuss manpower problem solutions in greater detail.

Text of instr follows by agam.

ACHESON

740.5/8–1850 : Telegram

The Secretary of State to the Embassy in the United Kingdom[1]

TOP SECRET WASHINGTON, August 18, 1950—8 p. m.

LIMITED DISTRIBUTION

929. Eyes only for Amb no distribution. This is State–Def msg. FYI only Standing Group today began consideration of more adequate and centralized measures to prepare mil plans under NATO. This thought has been discussed only within inner SG circles and will be subject to study during remainder Aug. Until SG thinking has developed further we believe it is critical that no disclosure of this info be made, on the basis that any recommendations will stem from short-range plans not received until Sept. In event you are approached at high governmental level we suggest that noncommittal reply be made to these queries, to effect that you understand the SG is considering such a matter and that we are, of course, vitally interested in developing the most effective mechanism to advance NAT mil planning.

ACHESON

[1] Sent also to Paris as telegram 867.

740.5/8–2150 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London[1]

TOP SECRET WASHINGTON, August 21, 1950—8 p. m.

Todep 36. Fol is basis for statements which might be made to Deps concerning offers of increased def expenditures made by countries replying.[2] These statements are designed to be as accurate as nature of country replies permit. It is not known however except in cases of UK and possibly Nor replies whether magnitude of increased effort indicated is on gross or net basis. Even in those instances where reply indicates effort is on gross basis (e.g. France) increased effort on net basis is not known.

[1] Sent to London as Todep 36; repeated to Paris as 887 (Paris pass OSR).

[2] Replying to circular telegram of July 22, p. 138.

Belgium.

Belg have proposed increase in mil budget of dol 182 mil for calendar 1950 to about dol 282 mil in calendar 1951 or projected increase of 55% in mil expenditures. Belg outlays for mil purposes have been relatively low but this is substantial increase for single year. Belg has indicated existence of idle capacity which it shld be pos to get into production quickly. We hope expenditure of proposed additional 4 bil francs can be stepped up and idle capacity be put into work with utmost pos speed. Arrangements for doing this will depend in part on plans developed by NATO. If this step-up is pos it is hoped total increased expenditure over calendar 50 can be greater than 4 bil francs.

Denmark.

Den has proposed to appropriate dol 43 mil for additional mil expenditures during next two yrs. Altho this total proposed additional mil expenditure is large as compared with current year's mil budget, it still relatively small in terms total budget or natl income. Dan submission gives no details re proposed uses these additional funds and proper size Dan budget largely depends on use that can be made of its resources to expand mil prod. If plans can be worked out for better use these resources, it reasonably certain Dan budget cld be increased.

France.

Fr mil expenditures are relatively large percent of natl income. 80 bil franc additional expenditure for 51 has already been submitted to Fr Parl. In addition to this, Fr proposal calls for expenditure 2 tril francs over two yrs and formation fifteen new divisions. It not clear however in Fr submission from what resources 2 tril francs are to come. Fr have proposed common pool to which all NAT countries wld contribute. Apparently only portion of 2 tril francs wld be financed by Fr. Fr Govt will have to clarify its proposal before NAT countries can evaluate its proposed contribution to common defense.

Italy.

Ital submission provides for lire equiv of dol 80 mil initial extraordinary def expenditure. 80 mil offer is as yet not an additional sum but speed-up of mil expenditures already budgeted. Govt must still ask Parl for deficiency appropriation equal to or greater than this. Ital economy has manpower and many resources which wld permit much greater expenditure than this prelim figure calls for. Once NATO has decided what shld be forthcoming, rate of Ital expenditure shld be sharply stepped up. Increases well beyond 80 mil figure wld not overtax Ital economy but wld in fact stimulate econ activity and reduce unemployment.

Luxembourg.

Lux has proposed to expand its def estab from one to two infantry brigades within two yrs. Def budget will be increased accordingly. If cost this program is to be financed largely by Lux, it appears reasonable in light of population of country.

Netherlands.

Neth submission contemplates 51 military budget of 15% over original budget estimate but reduction between 50 and 60 mil as compared with 1950 rate of expenditure. Increased troop strength is offered and Neth also points out it has substantial mil econ potential in many fields such as electronics. Proposed budget for 51 seems to be definitely below Neth capabilities and rate of expenditure substantially above 1950 rather than reduction wld be more appropriate.

Norway.

Nor has stated it wld ask for appropriations equiv to dol 35 mil during two yrs beginning 1 Jul 50. This program wld concentrate on recruitment and training of manpower and on fortifications. Program can be modified depending upon determination of NATO as to best use Nor resources. Probably some expansion Nor effort is pos if specific resources can be found for effective use in common def.

United Kingdom.

UK program for expansion its mil effort calls for total or gross expenditure equiv to dol 9.5 bil which is increase of over 40% over current levels. Expansion is almost entirely in equipment, supplies, and mil pay while troop strength remains stationary. This estimate is dependent upon dol 1.5 bil of US aid in free dols over and above regular ERP funds. Additional aid requested is over 50% of total expenditure increase.

This rate of effort seems to be well below potentialties in UK. It is based upon assumptions of great rigidity in use of resources and on inability to shift manpower into def industry. This assumption seems inappropriate in light of critical situation in which West powers find themselves. US feels that level of expenditure cld be very definitely expanded and start on increased def expenditure cld be speeded up. Furthermore in light expanded gross natl product of UK this shld be accomplished without strain on econ and without precluding an increase in mil forces in being. Furthermore, estimate of required US aid seems to be well above that which is needed for direct dol costs of increased mil expenditure or to offset adverse effects on internatl balance of payments due to shift of UK resources into def expenditure.

ACHESON

740.5/8–2150 : Telegram

The Secretary of State to the Embassy in the United Kingdom[1]

TOP SECRET WASHINGTON, August 21, 1950—8 p. m.

955. Personal for Douglas, McCloy and Bruce from the Secretary. I have followed with great interest the cables from each of you on subj of establishment of a European Defense Force since receipt of McCloy's 962 and have been impressed by the unanimity of opinion betw you on fundamental steps required to bolster the situation in Eur. I find myself in complete agreement with general thesis as advanced betw you and believe that the concept you advance will be accepted by this Govt. We have taken the preliminary steps to secure interdepartmental agreement here and later decision in principle by the President. Subsequently we will probably wish high level approach to Brit and Fr Govts. You will be kept informed of developments here and of any possible further contributions you can make. The thinking of each of you has been of great value in aiding us to come to grips with what now seems to be one of the most urgent and basic problems in Europe.

ACHESON

[1] Repeated to Frankfort and Paris as telegrams 1416 and 885, respectively.

740.5/8–2250

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET LONDON, August 22, 1950.

Depto 56. 1. Following is report of first meeting August 22 of second session deputies.

[Here follow brief coverage of procedural matters and introduction of the subject discussed below.]

6. Chairman urged consideration country replies to US query on increased defense efforts as basis conclusions and recommendations deputies. Proposed that country replies be distributed to deputies today and their consideration begun Thursday. Expressed hope that deputies, with country replies to indicate totality of planned country efforts, and information available from NATO sources to show magnitude of defense task, would appraise adequacy of present plans of countries, make recommendations to governments on measures to remedy any inadequacy found, and recommend governments without prejudice longer term programs proceed immediately with specific steps undertaken in country replies.

7. UK deputy (Dixon)[1] objected to discussing country replies to US now and indicated UK prefers to proceed with HC [DC?] urgent production program as planned and defer until later any consideration by deputies as to adequacy collective defense plans NAT members. Said UK inception three-year production program held up only by absence necessary US aid. No other deputies objected to immediate discussion country replies as soon as collated. French and Netherlands deputies especially anxious that deputies discuss country replies and avoid bilateral approach.

8. Chairman stated that while a working group would have to study the replies carefully, and while they did not proport to be final statements of planned defense efforts of governments concerned, they were nevertheless a useful indication of thinking of governments and discussion by deputies would be beneficial to both short and long term programs.

9. In view UK objections, but without modifying US position that country replies should be discussed on Thursday, chairman without objection distributed replies at today's meeting and deferred until Thursday meeting the decision on their discussion.

[Here follows a brief treatment of four matters of a procedural nature that were discussed prior to adjournment until the morning of August 24.]

[Spofford]

[1] Sir Pierson John Dixon, Deputy Under Secretary of State, Foreign Office.

740.5/8–2250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET London, August 22, 1950—midnight.

Depto 57. Following is substance statement made today in deputy meeting by Spofford:

To bring defenses NAT powers into effective state readiness through collective action in shortest time has involved planning and action: (1) Raising and training forces; (2) Production and procurement their equipment; and (3) Provision of financial support for foregoing purposes.

First has been committed to military committee and standing group. Regional groups and standing group hope provide revised

medium plan term within short time after October 1st. This will be firm military basis for arrangements as to manpower and matériel that member nations must effect. It is basis for long-term planning. But as short-term measure, as result standing group's report, deputies last meeting called for reports from governments of proposed forces increases between now and July 1, 1951. This is matter for discussion when reports are received and is aid to early solution military manpower problem.

Re matériel, equipment and supply, MPSB, as result action taken July Copenhagen meeting [1] initiated series inquiries into production capacity all NAT members designed to be basis of eventual NAT combined supply program. These are so-called end item task forces. Their findings will enable MPSB to allocate production of few basic items among producing nations best equipped furnish these items. This is long term approach to combined supply problem, which since deputies last meeting has got under way.

Recognizing that putting into effect combined supply program based upon end item task force procedure will take considerable time, and in view essential production urgently needed supplies here and now deputies at last meeting initiated high priority production program. This is interim short term program designed to supply deficiencies in high priority items out of existing surplus European productive capacity.

In furtherance this program, standing group furnished lists and quantities high priority items on August 15. Report of PW's of MPSB will be laid before deputies this week indicating production capacities which are now available to furnish these items. Attach greatest importance to beginning action on this program at these meetings so that short term interim supply program may result at earliest possible moment in placing contracts for urgently required items covered by program.

Will be prepared later in deputies discussion to indicate manner in which MDAP may fit into this program.

On financial side DFEC submitted on August 10 interim report outlining several approaches to problem financing production program. Its more complete report will be ready this week. Understand this report will outline alternative means financing programs—some of which are long-term in nature in that they will require considerable study as basis for agreement. Other recommendations may serve as

[1] Meeting of the MPSB July 12–13.

interim or provisional basis for financing projects called for by MPSB report. Both long-range ultimate solutions to financial problem in major combined supply effort and provisional or interim means financing are of interest to deputies. Latter is of course more immediate as upon these provisional arrangements will depend early carrying into effect of high priority production program.

Conceive these actions of various NAT agencies to emphasize that each agency is proceeding at same time to develop comprehensive long-term solution to its particular problem as well as immediate steps to get necessary action under way. Believe deputies' discussions must not lose sight of or delay action upon long-term programs which must be pressed and brought into line as soon as possible do so. But discussion these long-term projects must not delay immediate action which is necessary to start in matter of days or weeks rather than months building strength both in manpower and matériel which we are agreed does not exist today.

Deputies are agreed as to these immediate arrangements and complete perfectionism must give way to action which deputies and governments must undertake on basis confidence in each other and in result which we are bound to achieve.

It is against this outline which I wish to introduce question of consideration replies by governments to US Government on subject increased defense efforts.

At second meeting deputies I stated request of US Government that there be indicated to US for its guidance in major legislative program, which then was and now is under consideration by Congress, and further for subsequent discussion by deputies, nature and extent increased defense efforts contemplated by other governments in view developments in international situation then existing. I pointed out that US had embarked upon very substantial program of increasing its defensive military strength and was prepared offer further assistance to other NAT nations to enable them do likewise, pointing out that only by a proportionate effort by each government could the potential strength, which our countries represent, be translated into actual security from aggression.

Need not repeat considerations advanced then on behalf US Government. Believe deputies were in general agreement that if we all are to face realistically and courageously situation in which we today find ourselves, it is necessary that NAT governments recognize that there must be sense of urgency in all that we do—a cool and determined urgency which derives from common determination to make reality of our potential strength while there is time to do so.

I have found that in US feeling of urgency is very great indeed and that progress has been made towards implementing broad program for increased defensive effort which was outlined in President's message of July 19.[2] Substantial appropriations both for US forces and for increased assistance to other nations are before Congress now. President has called into full time active service number of units National Guard and has called up Reserves in number of important categories. Our Air Force is being increased substantially. Our Navy is recommissioning ships from wartime reserves. Details these steps will be included in submission which to be made on August 28 in reponse to deputies' resolution.

I found American industry going into necessary conversion to produce armaments for our increased efforts and help provide arms for other countries. President has asked for increased taxation in substantial amounts and for power to apply economic controls if they become necessary. Believe can have confidence that American contribution to formation of collective strength of free nations will be immediate and substantial. Determination of American people to provide their full share of contribution is however based upon expectation that US effort will be matched by equally determined efforts by other NAT governments.

Also found in US a full recognition that military strength of Atlantic community must derive from sound economic foundations. But US realizes that economic recovery without strength necessary to deter aggression and so preserve peace will be useless. When we balance economic problems of Europe against problem present lack physical strength, we are confronted with other disruptive aspect of Soviet Commie aggression. Commie internal subversion aimed at destroying free institutions from within is factor to be carefully considered. US has recognized dangers of Commie subversion growing in economic distress. ERP is our contribution to help overcome this danger. In US estimation danger has been sufficiently allayed so that thoughts should be directed less to Commie parties within nations and move to more important factor of strength of anti-Commie forces. Military strength required today cannot be achieved without some economic sacrifices. But it does not represent unsupportable burden to any of our countries. It will require sacrifices and courageous action by governments, but it need not jeopardize economies nor prohibit continuing, if slowed up achievement, of increasing economic hope and health.

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[2] Message to Congress on the Korean situation and its significance to the people of the United States, printed in Department of State *Bulletin*, July 31, 1950, p. 163.

In response to request made by US Ambassadors in each NAT capital and by US deputy here that governments consider urgently the increased defense efforts which they proposed to take, US Government has received replies from NAT governments. It is my desire to submit these replies to deputies for consideration. Will make comments on behalf US Government after each deputy has had opportunity reviewing these replies and evaluating their substance. Hope that from discussion which should then follow we may come to conclusions and develop common point of view on further action which may be necessary in light of situation, actual and prospective, which they reflect.

Suggest that objective in considering these replies should be three-fold:

1. To determine whether or not they indicate that governments contemplate action which will collectively be adequate for our major purpose—defense of the West.
2. If we conclude that they do not, indicate totality of effort required that we may form conclusions as to nature and extent further action indicated.
3. Without prejudice to such further action as we may consider is required, we should take steps here and now to translate indications of additional effort, in terms of financial commitments and further forces in being, into concrete results at earliest possible time. In other words we should find means to turn to immediate advantage in terms support of priority production program and immediate increase in forces which we have concluded to be necessary, indications of specific further efforts which are contained in many of these submissions. Suggest that in our consideration of these replies we must keep immediate as well as ultimate objectives in mind and proceed towards both concurrently as we and other NATO agencies have been doing in respective fields of effort.

Problems presented are many and difficult. It will not be easy matter to reach agreed conclusions on questions emerging from discussion. US feels however that we are now face to face with realities which are grim indeed. As US deputy and as deputies' chairman I believe that deputies must discuss fully and frankly the means by which collective efforts can face up to realities. Discussions must be candid but tolerant and deputies must make available to each other best information and thought that governments can provide. I shall be prepared to do this on behalf of US, and it is my hope and expectation that I may be joined in this by each deputy.

Sent Department, repeated info Brussels 47, Copenhagen 38, Luxembourg 13, Paris 283, pass OSR, Rome 81, Ottawa 15, Oslo 29, Lisbon 24, The Hague 54, Heidelberg 20 for Handy.

[Spofford]

740.5/8–2250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 22, 1950—midnight.

Depto 59. Distribution as directed by Secretary's Office. I intend on August 24 to reply orally along following lines to Alphand's oral approach of July 27 : [1]

Numbers correspond to those in Depto 27, July 31 :

1. US Government in full agreement as to indispensability organizing defense of West. Both Congress and executive branch have made amply clear by acts as well as words importance and urgency they attach to this task.

2. Importance of having available forces adequate to meet initial shock recognized by Council in May (resolution 4/8)[2] and military agencies of NATO are planning accordingly. JCS is studying US role in this task.

3. (*a*) (*b*) Reports of standing group and MP SB–PWS constitute substantial steps in determining nature and quantity of matériel necessary and allocation of its production. US will continue to press that these recommendations be translated into actual production at earliest possible date and will consider other means to achieve combined production program.

3. (*c*) Equitable allocation of financial burdens must be negotiated in light of circumstances and will be continuing process.

4. Establishment of any sort of common fund would obviously require careful study, protracted negotiations, and legislation.

5. We are aware of special problems of France as well as of special and common problems which we and other countries face including, for example, Korea.

6. In order not to delay implementation of urgent essential programs pending negotiations re division of financial burdens, each nation should proceed forthwith to implement its part of high priority production and additional forces programs. Initial problem is of course budgetary rather than one of transfer.

7. I realize the burden which France is bearing in Indochina but it is not my province to discuss them.

8. Importance of securing effective common action by the parties to the treaty was recognized by Foreign Ministers in May, in the resolution which established deputies. US Government is itself considering and is always glad to consider further steps designed to secure more effective common action.

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[1] See Depto 18, July 28, 1 a. m., p. 148. The line taken by Spofford as outlined below was approved in telegram Todep 40 to London (repeated to Paris), August 23, not printed; 740.5/8–2250. Spofford's conversation with Alphand took place on the afternoon of August 27 and is described in Depto 73 of that date, not printed (740.5/8–2750).

[2] Not identified in Department of State central files or NATO Sub-Registry files.

9. French supplementary memorandum of August 17 is being actively considered by US Government and our views will be communicated to French Government as soon as possible.

Sent Department Depto 59; repeated information Paris 285 for Ambassador's eyes only.

[SPOFFORD]

740.5/8–2350 : Telegram

The Ambassador in Iran (Grady) to the Secretary of State

SECRET TEHRAN, August 23, 1950—2 p. m.

457. Deptel 302, August 17 received August 21. Shah [1] and Iranian Government would certainly react most unfavorably inclusion Turkey in NAT, if clear commitment in form of promise of immediate assistance in event attack not made Iran at same time. Iranians would undoubtedly believe they were being militarily abandoned by US with no assurances of security beyond whatever action UN might take in emergency; opportunity for Soviets to propagandize theme of complete abandonment Iran by US obvious. There are already strong influences in Iran pressing view that *rapprochement* with USSR and adoption policy neutrality is only hope for country's survival. These forces would gain in vigor and public acceptance, if, as in case of large scale and effective MDAP and ECA assistance, US defense commitment again stopped at Iran-Turkish border. One of tasks of Chief of Mission here is continuous stiffening of Iranian will vis-à-vis Soviets, and any action along lines being contemplated would destroy larger part of whatever will to resist has been created and up to present sustained here.

On the other hand I do not believe that NAT should be extended to Iran. Neither do I believe that it should be extended to Turkey. (Presumably if Turkish pressure is not acceded to Greece will not press to be included.) The UN charter sanctions the establishment of regional defense pacts, and I believe NAT should be maintained as a North Atlantic regional pact and not extended into an encircling coalition against the USSR. To do the latter would play into Soviet hands to some extent without any apparent advantages to US, especially when it is considered that the principle of concerted UN action against aggression seems to have been established in Korea. That principle certainly could again be applied in the case of aggression against either Iran or Turkey, and it would be more advantageous for US than to act under cover of UN rather than under cover of a treaty which basically not related to region.

[1] Mohammed Reza Pahlevi.

Further, I believe question extending any US defense commitment to Iran should be very cautiously approached. There are too many intangibles in situation here. Soviets might occupy part or all of Iran under treaty of 1921, throwing incident into legal mill of UN, in which event, based upon informal discussions of early 1949, it might be that British would not support our contention that appropriate provisions that treaty no longer applicable. The instability of Iranian politics, with possibility always present of change in policy toward USSR, must be considered. Also, commitment to defend Iran might prove to be an undertaking which could not be properly balanced with force available to US.[2]

GRADY

[2] In telegram 467, August 24, not printed, Grady informed Washington that in his luncheon conversation with the Shah the preceding day, the Shah had "expressed strongly the opinion that it was not in any sense appropriate for any or all of the GTI countries to be members of the NAP" (740.5/8–2450).

740.5/8–2450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET LONDON, August 24, 1950—2 a. m.

Depto 62. From Spofford. In course of interview which Holmes [1] and I had with Bevin, reported in Embtel 1146, Foskin [*ForMin*] in portion of discussions which related to NATO and deputies, made three points:

First, he did not feel that in approach to important problems US should regard UK as just another NAT member "like Luxembourg"; second, he feared a wrangle over comparison of national efforts, which he thought would [*not*] be productive; and third, UK production effort is now the important thing and to get this into operation necessary for UK to know what US aid is to be.

I stated that while I had not been instructed in this matter it was not US intention through NATO procedures to supersede any long standing relationship. Nevertheless, NATO was common effort in which US considered it must disclose and discuss our intentions as to rearmament and defense frankly. This did not exclude bilateral discussions which could continue to be held. In response to his insistence that British are anxious to proceed on production without delay, said I saw no reason why projects for AMP should not be submitted at once.

[1] Julius C. Holmes, Minister in the Embassy at London.

Foreign Minister said that he felt this was acceptable basis for proceeding and appeared to seize on suggestion that programs could be discussed multilaterally in deputies and bilaterally with respect to UK production concurrently. He then instructed Dixon, who was present, to follow up the arrangements. Will proceed with multilateral discussion in deputies meeting tomorrow as planned.

Sent Department Depto 62, repeated information Paris 296, Frankfort 158, Brussels 49, The Hague 56.

[SPOFFORD]

740.5/8–2450 : Telegram

The Chargé in Greece (Minor) to the Secretary of State

TOP SECRET ATHENS, August 24, 1950—4 p. m.

617. We have mixed feelings re question posed Deptel 483, August 17. On one hand there are good reasons for admission GT [1] in NAT. Considering NAT as collective security organization designed prevent aggression, admission GT appears highly desirable as deterrent outbreak this area any limited war on Korean model.

Considering NAT as military alliance, it appears to us from point view forces in being and of immediate military capabilities, GT would be distinct military assets rather than liabilities at least in short term view. We believe there are reasons why American if not NAT plans should include defense GT within our capabilities and our other commitments (L 612, July 26)[2] especially because of strategic position Greece on flank potential USSR drive west and very considerable military strength GT which might be augmented by Yugoslavia.

On other hand if through GT admission to NAT it became public knowledge in Greece western powers did not plan commit substantial forces to defense this area, there would be great, perhaps dangerous, weakening popular support for pro-western alignment Greece. In this case even strong anti-Communist element population might move toward defeatism and there would be swing by other elements population toward neutral position advocated by fellow-travellers as well as considerable increase in effectiveness Communist propaganda. Regret to state our best opinion none of present Greek political leaders could be trusted not to reveal this aspect western powers military plans if he considered it politically, personally, or nationally advantageous to do so. Hence since it is entirely possible this information would become

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[1] Greece and Turkey.

[2] Telegram L 612 from Athens, sent by the Joint United States Military Aid Group to Greece, is scheduled for publication in volume IV.

public knowledge we feel net effect including Greece in NAT likely to be more harmful than continued exclusion.

One qualifying consideration might be mentioned. Some Greek military including Papagos apparently feel in event major external aggression principal foreign assistance needed by Greece would be primarily air power if Greek ground forces properly equipped, and if this forthcoming Greek forces alone or in conjunction Turks and possibly Yugoslavs (L 676, August 16)[3] might hold out. Therefore if NAT powers were in position give Greek military satisfactory assurances this score possibility exists Greek politicians would not feel necessary or desirable to make public clamor this issue.

In these circumstances Department may wish explore all possible alternatives. One such would be to withdraw our previous opposition to formation Mediterranean pact. This might have most of political and military advantages mentioned above and might meet immediate Turk demand. It would not necessarily involve same dangers of western powers defense plan becoming public knowledge in Greece with unfortunate results mentioned above.

Other possibility mentioned Embtel 324, July 29 is inviting GT military to attend meetings Mediterranean section NAT. This might lessen danger of NAT plans becoming public knowledge and consequent adverse local effects.

Finally should be stated there has been no great local pressure for Greek membership in NAT within past few months except connection with Turk request. If Turkish move unsuccessful, Greeks could be prevailed upon not to press for admission.

This telegram cleared with JUSMAG.

MINOR

[3] Telegram L 676 from the Joint United States Military Aid Group to Greece, not printed.

740.5/8–2450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 24, 1950—11 p. m.

Depto 65. Following is Spofford statement totality country replies (Depto 66 [1]).

Deputies have now had opportunity study country memoranda distributed Tuesday.

Memoranda do not form clear or comprehensive picture. They are (perhaps due general terms in which my government made request)

[1] *Infra.*

uneven in emphasis various factors and not uniform in approach. Nevertheless we think NAT partners should consider them with us and attempt at least to draw preliminary conclusions as basis for further action. Certain major factors in situation not yet known. Primary one is MTDP and its overall cost, without which firm target figure cannot be established. However, better to consider problem in general terms on basis information at hand, which though incomplete is best available, than to defer all discussion of over-all plan and contribution each of us proposes to make until refined figures of medium term plan are in hand. Time not commodity we can afford to waste.

Following indicates results of such analyses as we have been able to make. In light of standing group report, here is one basic criterion by which efforts should finally be judged: extent to which actions proposed add up to trained and equipped forces, in being or readily mobilizable, sufficient to meet needs of adequate defense North Atlantic community.

Look first at summation of country statements in terms of increases in combat forces. Many statements unclear this regard. Indicated increases in combat forces specific only in terms of divisions or lower units. Total army increases amount to blank divisions compared with present forces in being or mobilizable within three days, of blank divisions, including two US divisions in Germany. We have no figures which take account of considerable increases needed in air and naval forces.

Effective combat troops can only be made up of men who have received adequate training in specialized arms and equipment, and training in unit and larger formations. This true in ground and naval forces and even more in air forces. Under present systems of conscription and training our military advisers tell us it is hard see how strength of forces mentioned can be realistically achieved.

How do these plans for increases in forces compare with our best available estimate of what must be done. You are familiar with first approximation of total forces required for defense of Western Europe under original MTDP which standing group has called upon us to use as goal pending its revision and refinement. Indicated plans fall far short of requirements to extent of blank divisions on basis of original medium term plan. Safe to assume that even under revision of plan deficiency of large order will remain. This does not take into account required major increases in air and naval forces.

Very large required increase in ground forces—over and above those now in being—together with expanded air and naval forces, will call for major increases in defense expenditures for equipment and maintenance.

Against such requirement scale of additional expenditure indicated falls considerably short of what is needed. We hope further study in

NATO will make estimates more accurate, but doubt refinement will significantly alter basic conclusions. Indicated total increase in defense expenditures over three-year period after deducting estimates of expected American aid, amounts to approximately dollars 3.5 billion. (These estimates do not include additional Canadian effort, memorandum on which received only yesterday.)

If external assistance were expected to make up entire difference between additional expenditures indicated in these submissions and full requirements of Atlantic defense, external contribution would be greatly disproportionate to indicated effort of European NAT members.

US can be counted upon to carry its full share of defense burden. Both executive branch and Congress expect to be assured full share of these heavy burdens will also be carried by Atlantic Pact partners. Clearly balances should not be sought by cutting total effort below what is needed. There is no advantage and there is absolute insecurity in doing only half defense job. We cannot expect our peoples to undertake sacrifices required unless they can be given real hope of genuine defense. Substantially greater effort in Europe must be made to fill gap between present plans and total needs.

If Congress appropriates additional sum for foreign military assistance requested by President there will be available for expenditure or obligation in fiscal year 1951 about dollars 4.5 billion for NAT countries. I cannot give any authoritative indication of what further assistance might be provided in succeeding years. This will depend in large part on evaluation by executive branch and Congress as to whether effort being made by other NAT countries is realistic and adequate, taking due regard of their respective economic potentials, and whether end results of all our efforts in terms of collective defense will be reasonably adequate. However, for purposes of present analysis, we have made arbitrary assumption that continuing assistance might be made available for next two years on same scale.

We have also sought to appraise magnitude of additional effort European countries might make without undue financial or economic strain. Total additional effort from resources of European NAT countries in order of dollars 10 to dollars 12 billion in next three years would not seem to present insuperable obstacles.

Gross national product of European NAT countries, now amounting to dollars 88 billion a year, can be expected to rise to dollars 100 billion a year within three years. Thus, additional effort just indicated amounts to only some 4 percent of GNP and would absorb only portion of anticipated increase.

Indicated increases in active military forces constitute only minimal fraction of civilian labor force of some 80 million. We recognize total effort may involve new strains on foreign payments position and

perhaps other requirements for outside assistance, and US prepared consider measures to alleviate such problems when need demonstrated.

There are other factors to be considered in evaluation picture. One is question of how many American divisions and air and naval units US may make available for defense of Europe. My government is giving this question urgent and serious attention. But whatever US decides in this regard, in light its strategic commitments elsewhere our answer cannot alone be taken as substitute for realistic efforts by all NAT partners.

Important set our first year's increment high enough to meet probable need. US has already set in course very large first year increment, more than doubling its pre-Korea defense budget, for its own and NFA [*NAT?*] partners forces. We believe first year's increment out of European resources planned on assumed total of dollars 10 to dollars 12 billion over three years is now needed. We cannot now say whether combined effort of this magnitude will be enough to achieve adequate defense. It is our judgment, however, that without an effort of at least this size, job cannot be done.

More detailed facts and figures can be better studied by working group. However, broad conclusions clear.

Objectives of our continuing discussion should be threefold: (1) to determine whether our collective defense efforts indicate that governments contemplate action adequate for defense of West; (2) if we conclude they do not indicate totality of effort required, that we may form some conclusions as to nature and extent of necessary further action; and (3) whatever our conclusions on foregoing may be, we should take steps immediately to translate additional efforts contemplated by governments into concrete results at earliest possible time.

Sent Department Depto 65, repeated info Brussels 51, Copenhagen 41, Luxembourg 15, Paris 303 for OSR, Rome 83, Ottawa 17, Oslo 33, Lisbon 27, The Hague 58, Heidelberg 22 for Handy; Department repeat Secretary Defense.

[Spofford]

740.5/8–2450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET London, August 24, 1950—11 p. m.

Depto 66. 1. Following is report of August 24 meeting Deputies.

2. Deputies took up agenda item 2, consideration country replies. Chairman stated US general views (Depto 65) including US estimate

that resources of European NAT countries would permit additional defense expenditure $10 to 12 billion total in three year period.

3. Chairman proposed Deputies discuss replies generally, and that working group then be appointed to analyze replies. WG to develop basis for conclusions and general recommendations by Deputies to Council and governments on degree adequacy collective efforts for defense west, nature and extent necessary further action to remedy deficiencies, and steps to translate into immediate action additional defense measures governments now contemplate. Deputies agreed this procedure. Chairman without objection designated UK, France, Netherlands, Norway, and US as continuous members subcommittee plus each other Deputy when reply his country considered.

4. In course general discussion replies French Deputy requested early formal reply French second memo August 17. Stressed French effort contingent integrated NAT effort. Stated France proceeding formation five new divisions 1951 and believed US, British, and Benelux should provide additional divisions Europe same time. French divisions would form one-half total which maximum proposition France willing provide. This ratio placed disproportionate cost on France which should be adjusted by measures for fair distribution financial burdens common defense. He urged integrated defense program, centralized organization, pooling resources, common fund, rapid production standardized weapons. Mentioned possibility elimination regional planning groups (which perturbed Norwegian Deputy). After some discussion Deputies agreed French supplemental memo was in part organizational and not directly related US query and should be taken up as separate agenda item by Deputies without prejudice consideration overlapping aspects in connection replies. French Deputy agreed to decision but insisted organizational proposals essential part of French 15th division program.

5. Belgian, Norwegian, Portuguese, and Netherlands Deputies urged that working group analyze pay basis for country comparisons, Netherland's Deputy asking appraisal fairness present shares of burden.

6. Canadian Deputy indicated Canada's principal role would be maintain strategic reserves, defend sea lanes, and supply military equipment. He said Canada anxious carry its responsibility and in respect military production urged NATO state specific requirements. He said Canadian Government will shortly ask Parliament remove financial impediment to Canadian transfers military equipment. (Assume Department has received from Ottawa Canadian statement supplementing *aide-mémoire* August 21.)[1]

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[1] Not identified in Department of State files.

7. Italian Deputy said economic and political conditions each country should be taken into account in considering replies and he would circulate additional memo today on Italian situation.

8. Norwegian Deputy stressed primary role Norway raising and training manpower rather than production. Asked early reaction to principles Norwegian reply. He said main problem Norwegian defense effort is manpower which fully employed and whose diversion to defense effort will have serious impact Norwegian economy. Stated Norway would carry forward its program with or without help from outside sources, but would appreciate knowing whether aircraft available soon from other countries especially US.

9. Deputies agreed that reports of SG, PWS–DFEC, PWS–AMPSB, all which now available [2] should be discussed together beginning with next meeting.

10. Meeting adjourned until 10:30 a. m. Saturday August 26. WG meeting today and tomorrow.

Department pass Secretary Defense. Sent Department Depto 66, repeated info Brussels 52, Copenhagen 42, Luxembourg 14, Paris for OSR 304, Rome 84, Ottawa 18, Oslo 34, Lisbon 28, The Hague 59.

[Spofford]

[2] None printed.

740.5/8–2450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET

London, August 24, 1950—11 p. m.

Depto 68. Todep 40.[1] Subject to any further comments and guidance from Department I intend to take following line concerning points in supplemental French memorandum of August 16 [17] [2] as and when Alphand raises them (Depto 66). Would also welcome Paris comments. Numbers correspond to those in Paris telegram 852 August 17.

General

US fully shares French desire to make NATO most effective possible instrument for safeguarding and consolidating NAT community through integrated defense. As French member indicates, integrated defense involves ramifications of very far-reaching nature. While we

[1] See footnote 1, p. 237.

[2] See telegram 852, August 17, p. 220.

recognize importance and urgency of evolving more effective means of ensuring common action, such means are not ends in themselves, and search for them must not be permitted to delay implementation of urgent concrete defense programs.

1. US welcomes French decision to activate 15 new divisions. None of our efforts can achieve maximum effectiveness unless they are integrated both in plan and execution.

2. Totalitarian organization both within and among potential aggressor nations greatly increases their power. US agrees free world cannot hope to deal successfully with that threat by disparate national efforts and that maximum unity in NATO is clearly essential. Free nations by their nature must seek such unity through democratic processes of voluntary agreement both domestically and in their relations with each other. This does not preclude effective organizational authority. They have in past proved capable of achieving effective unity when in peril and voluntary basis of such unity has proved stronger than totalitarian organization.

3. US agrees that NAT nations cannot afford to wait, as in the past, for acute wartime crisis before developing means for ensuring effective common action.

4. Such common action must and will serve primary purpose of treaty to prevent war. This primary purpose must always be borne in mind, made clear to public, and reflected in political decisions.

5. Question of unity of command would require consideration at top governmental level in light of advice from competent military authorities. US agrees NATO military agencies should be requested forthwith to make recommendations concerning both (1) question of unity of command, and (2) staff requirements of standing group. NATO command or staff activities could cover areas as might be agreed up to limit of NAT area but could not properly extend beyond. US would favor asking standing group, in consultation with Brussels Pact representatives, to recommend steps to avoid duplication and accelerate unity.

6. Centralization and management of "greatest part of means allotted by each country to defense needs," raises very far-reaching questions. US agrees questions as to means of ensuring effective use of available resources in common cause and effective common action in fields mentioned in paragraph 6 should be actively studied from point of view of achieving maximum integration of North Atlantic defense. Such study, however, must not be permitted to delay urgent implementation of budgetary, production or forces programs now being formulated. These considerations apply equally to question of "joint budget" (paragraph 7).

8. [*sic*] Whether or not it would be desirable to set up executive body or bodies to deal with wide range of political, military and economic questions mentioned in paragraph 6, and what character and functions of such bodies might be, could only be determined through study of means of assuring effective common action upon them.

9. US interest in trade liberalization and development of economic cooperation well-known and we believe common action in defense field should encourage common action in economic field.

10. US fully agrees on necessity of maintaining and strengthening economic bases of participating countries but considers suggested monetary agreement beyond scope of deputies, functions.

11. US fully agrees consideration of such far-reaching organizational questions as those raised by French Government must not delay urgent efforts each government able to make. It accordingly trusts each government will proceed urgently to implement current programs at its own expense while methods of ensuring equitable allocations of burdens are being evolved.[3]

Sent Department Depto 68, repeated Paris 305.

[SPOFFORD]

[3] Spofford covered these matters with Alphand in a conversation on August 27 and reported on it in his telegram Depto 73 of that date, not printed (740.5/8–2750).

700.00(S)/8–2550 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, August 25, 1950—2 a. m.

Infotel. Turk PriMin and FonMin,[2] disturbed that only bare acknowledgement yet recd to request US support Turk inclusion NAT, jointly recapitulated to Emb Ankara Turk position in view recent intensification world crisis.[3] Highlights: 1) pressing new urgency inclusion Turk overall Eur defense as "natural partner" and strong milit element; 2) Turk's earnest wish contribute to vital immed common interest despite full appreciation that it wld contribute more than wld receive in view limitations possible European aid; 3) as NAT member Turk cld play positive role strengthening morale Eur and NE countries; 4) Turk preparedness effort wld be spurred by moral effect admission; 5) Turk policy today unequivocal, honest, realistic in desire make positive contribution international peace. Thus Turk admission logical all Turks. FonMin outlined Strasbourg mtgs Schuman and Bevin; said former promised wholehearted support but latter noncommittal despite encouraging atmosphere. Norway, Canada, Italy favored in principle. Amb Wadsworth [4] emphasizes sound realism Turk position and warns of detriment Turk morale and US-

[1] Sent to London, Paris, and Moscow.

[2] Fuad Köprülü.

[3] The information summarized here was transmitted to the Department in telegram 124 from Ankara, August 22, scheduled for publication in volume v.

[4] George Wadsworth, U.S. Ambassador to Turkey.

Turk relations if Turks given reason believe US main obstacle to admission.[5]

ACHESON

[5] On August 25, Ambassador Erkin called on Acheson and McGhee to express his government's feelings about NATO participation and the need for more economic aid. Among his arguments for membership was the observation that Turkey was included in two of the three important organizations of Europe, the OEEC and the Council of Europe, and her exclusion from the third, NATO, would be inconsistent. The discussion is covered in a memorandum of conversation by Acheson, August 25, scheduled for publication in volume v.

Ambassador Kirk discussed the subject matter of this infotel of August 25 in his telegram 574 from Moscow, August 31, scheduled for publication in volume IV.

740.5/8–2450 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London [1]

TOP SECRET WASHINGTON, August 25, 1950—7 p. m.

Todep 45. This is State–Def msg. 1. Re Depto 68 Aug 24 we approve general line you propose taking subj to fol comments on numbered paras reftel:

2. Re para 5 we agree that consideration of unity of command and mil org wld require consideration at top governmental level on advice competent mil authorities. For that purpose recommend Fr proposal be referred by Deps to Chairman Def Comite who can forward to SG for initial study. Believe Fr shld be encouraged to be ready to expand on mil ideas in appropriate NAT mil bodies which will have to consider proposal.

Re sentence "US agrees NATO mil agencies shld be requested forthwith to make recommendations" etc., believe modification shld be made to state US proposes NATO mil agencies shld be requested to make studies and such recommendations as they may deem appropriate.

Re sentence "NATO command or staff activities cld cover areas" etc. we do not think it appropriate for Deps now to discuss areas of NAT mil command, staff, or planning activity. Shld this subj be raised however you shld say you assume areas covered by NAT mil planning will be considered by mil in light of developing most effective plans for def of NAT area.

US shld favor initiative by Brussels Pact authority to recommend steps fading out Brussels Pact Mil Org in favor of NATO Mil Org.

3. Re para 6 we agree with line you propose in this para but are somewhat apprehensive lest Alphand interpret phrase "actively studied" as indicative that very early solution in line with Fr view

[1] Repeated to Paris as telegram 988.

will be reached. In view very fundamental problems posed by Fr proposals this respect it will obviously require careful and thorough examination and study. Also, we not certain when, where, and by whom you envisage "active study" being conducted.

4. Re para 10 we prefer you take same general line as in para 8. This in no way commits us and seems more consistent with general trend of comments.[2]

ACHESON

[2] This message did not reach Spofford in time to affect his conversation with Alphand on August 27. However, Spofford in his telegram Depto 76 of that date, 10 p. m., said that the line he had taken was generally close to the Department's positions expressed in Todep 45. He added that he would find occasion the next day to express more precise views based on paragraph 2 of Todep 45. He suggested that the nonmilitary organizational questions be studied in London, provided the French did not count on rapid agreement or delay progress on concrete programs while seeking such agreement, a qualification he had made in his conversation with Alphand. Depto 76 not printed, 740.5/8–2750.

740.5/8–2650

The President to the Secretary of State [1]

TOP SECRET

WASHINGTON, August 26, 1950.

MY DEAR MR. SECRETARY: Beginning on September 12, 1950, the Secretary of State will be meeting with the Foreign Ministers of the United Kingdom and France and, following that, with the Council of the North Atlantic Treaty Organization.

The most urgent problem coming before the Ministers will be that of moving forward rapidly to strengthen effectively the defense of Europe and to determine the nature of the contribution by Germany to this defense. The urgency of meeting this problem is increased by the growing military capability of East German forces. If the United States does not have a clear position prior to these meetings on the following points, there might well be disastrous consequences:

1. Are we prepared to commit additional United States forces to the defense of Europe;
2. Are we prepared to support, and in what manner, the concept of a European defense force, including German participation on other than a national basis;
3. Are we prepared to look forward to the eventuality of a Supreme Commander for the European defense forces;
4. Are we prepared to support the immediate creation of a Combined Staff for such an eventual Supreme Commander;

[1] A similar letter was sent to the Secretary of Defense on the same date. The letter was quoted in telegrams dated August 28 to London, Paris, and Frankfort, eyes only for Douglas (and Spofford), Bruce, and McCloy. Telegrams not printed; 740.5/8–2850.

5. Are we prepared to support supplementing the activities of the Military Production and Supply Board by a European War Production Board with centralized direction;

6. Are we prepared to consider full United States participation in European defense organs, i.e., would we be prepared to accept the responsibility of having an American Supreme Commander and an American Chairman of the European War Production Board;

7. Are we prepared to support the transformation of the Standing Group into a Combined Chiefs of Staff organization; and

8. Are there any other ways through which we should attempt to invigorate NATO at this time?

In view of the interrelated political and military implications, I should like the Department of State and the Department of Defense to work together in developing recommendations on the above points for my decision. In order to permit preliminary conversation with the British and the French prior to the time the Ministers sail from Europe, I should like these recommendations prior to September first.[2]

Very sincerely yours, HARRY TRUMAN

[2] At the request of the Department of Defense, President Truman indicated that the recommendations need not reach him prior to September 5 if this additional time was needed. Douglas, Bruce, and McCloy were informed of this change in the telegrams mentioned in footnote 1. Acheson designated Nitze, Byroade, and George Perkins to represent him in consultation with the Department of Defense in preparation of a joint paper on the subject. (396.1 NE/8–2650)

Editorial Note

On August 30, Secretary Acheson made a statement before the Senate Appropriations Committee on the subject of additional funds needed for the Mutual Defense Assistance Program. The text, released to the press on the same date, is printed in the Department of State *Bulletin*, September 11, 1950, page 437.

740.5/8–3050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, August 30, 1950—3 p. m.

1280. Eyes only for Secretary. No distribution except as directed by the Secretary.

1. I have given careful study to Deptel 962, August 22.[1] I am now in full agreement with the proposal.

[1] Telegram 962 to London, not printed, transmitted to Douglas the paper dated August 16 entitled "Establishment of a European Defense Force" which is printed, p. 212.

2. I wish to offer the following comments with regard to one or two aspects of the problem:

The "estimate of the situation" of the Department's communication to the Department of Defense especially the sixth and seventh paragraphs would seem to propose and anticipate an eventual high degree of European integration of federation. Reference is made to an increase in the feeling to unite Europe in all fields possible including the military. Although the continental European countries seem to be imbued with the idea of European unity I doubt that the idea has taken the form of political integration. It is, I believe, related more to unity in respect of specific and concrete problems. The Schuman plan is an example of what I mean. The enthusiasm for a united European defense or security force is another example. Moreover, I do not believe that the question of European integration, if this implies political federation, need arise in its comprehensive meaning and significance in connection with the establishment of an European defense force. This is one of the fields in which effective and united action can be most easily achieved because, although it requires a certain surrender of what has been called sovereignty, its purpose is uncomplicated, its objective understandable to the most ordinary mind. Finally there is a very important precedent for the assignment of forces of varying nationalities to a single commander. Similarly, there is precedent for the welding of production programs, shipping programs, the development and use of raw materials and so forth.

3. The Continental European countries may be anxious to form a real political federation embracing surrender of sovereignty in most of the fields in which sovereignty has been exercised by purely national governments, but I am quite clear that no government whether Socialist, Conservative or Liberal in the UK would associate this country with such a Continental political federation. I am sure that the Socialist government exaggerates the relations between the UK and the Commonwealth as a rationalization and as an excuse for not exercising the leadership which the UK should exercise in European matters and for resisting, if at times it has not, in fact frustrated efforts aimed at European unity in regard to specific and limited matters. The UK can undoubtedly without in any way impairing its relations with the Commonwealth exercise a more vigorous leadership in continental affairs. She can even advocate close European integration if not political federation among the Continental powers. She can associate herself with the European Continental powers or with a federated Western Europe in regard to specific matters of common interest but I am convinced that it would be a great mistake to try to push the UK into a political federation with Continental Europe.

This would require her squarely to make a choice between the Commonwealth on the one hand and the European federation on the other. She could not do both any more than as a practical matter at the present moment the US could maintain its integrity as a federal republic with its territories and at the same time become a part of an European political federation. The national interests of the US, in my opinion, will be better served by the preservation of the Commonwealth association with a strong UK than by the disintegration of the Commonwealth which would necessarily be the result of the UK's becoming a part of a European federated state. Spaak put the matter quite clearly on January 17th of this year when he said at the Penn University: "We do not wish to place Great Britain in the position of having to make a choice between Europe and the Commonwealth because we know perfectly well that if we did she would, quite rightly, choose the Commonwealth. Thus, we do not wish to place her in the position of having to make this choice because we want to keep her with us; and to keep her with us as she is, with her power and her relations with the Commonwealth still intact."

4. The foregoing does not, however, mean that the UK cannot become associated with the common defense forces and the interrelated procurement and production programs for the security of both Europe and the North Atlantic community in accordance with the statement contained in reftel.

5. The Department's proposal would seem to anticipate the immediate establishment of the Cossack plan, leaving open the question of the appointment of a commander for the time being. I do not believe that this plan would be sufficient to make rapid progress in the direction we desire. I think that it is essential that an American commander can be appointed immediately with the authorization such appointment would require actually to command the European defense force to be made up of contingents from the present members of Western Union plus the US and, as soon as may be, from Germany. I am fearful that the Cossack arrangements would result in the frustrations and lack of accomplishment that have attended the Fontainebleau headquarters of Western Union. I believe that the Commander chosen should be an American. While I fully realize that there are objections to an American occupying this position as pointed out in my telegram 784,[2] paragraph 5, I am convinced that the advantages of such a selection far outweigh the disadvantages. As to matter of tactics, however, I agree with McCloy that it would be better were the European countries to request US to designate the Supreme Commander.

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[2] August 8, p. 190.

6. Mention has been made both in the Department's message and in comments from Frankfort and Paris concerning the political guidance to be given the EDF and to its "European" character. It seems to me that there is sufficient authority and opportunity under the NAT first for the US to participate in the EDF and, second, to provide the required political guidance. This might be achieved in the first instance by agreement reached between NAT and Western Union under the terms of which NAT on a regional basis would take over the immediate responsibilities for the establishment and command, et cetera of common defense forces and for common procurement and production for the members of the Brussels pact who are also members of NAT without accepting the obligation on the part of the US automatically to go to war. This obligation is purely a technical one but has no practical significance so long as US troops remain on the Continent. Under NAT if any one of its members were attacked, we would in fact be at war.

Moreover, this sort of arrangement between NAT and western Europe would permit the acceptance of military contingents—I am referring particularly to German contingents—from countries which are not members of NAT if the council invited them to participate. At the same time this sort of arrangement would not preclude the complete coordination between that which is done in western Europe in regard to Europe and that which is done elsewhere. Certainly it contemplates US and Canadian participation.

This arrangement would avoid the establishment of a new organization and at the same time might satisfy the German distaste for NAT, distaste which in part stems from the fact that Germany is less of a North Atlantic community country than many of the others and that many Germans consider themselves to be more purely European, if not partially middle European, than the people of some of the other members of NAT. The remaining obligations other than those referred to here can remain in the Western Union organization.

7. I would like again to reiterate what I have repeatedly said, especially in my letter of July 12 and my Embtel 784 of August 8 that I feel convinced that vigorous US leadership and the substantial contribution of US forces, are, when combined with unequivocal commitments on the part of the UK, the elements which will with greatest certainty revive and invigorate the will to fight among European countries and as a result insure in the shortest time creation of an effective European defense.

8. It seems to me, however, that the deployment of more US divisions in Europe and the assumption of responsibility by an American commander should be associated with commitments on the part of

the UK to form more combat units and to place them in Europe. Moreover, it should be contingent upon real and substantive undertakings by some of the continental countries.

9. If, having assumed this responsibility, having placed more divisions on the Continent of Europe, having persuaded the UK to form more combat units and to deploy more divisions on the Continent, there is not clear and convincing evidence of a resurgence of European will to resist and to fight, we should I think quite frankly tell our Continental European associates that we will have to review our whole policy. For it is certain that the US and the UK alone cannot defend the Continent and that if we undertook to do so, our forces on the Continent in the event of a supreme emergency would probably be swept into prison camps or into the ocean and our own strength to defend that which remains defensible would be seriously impaired.

Sent Department 1280, repeated information Frankfort eyes only for McCloy 185, Paris eyes only for Bruce 339.

DOUGLAS

740.5/8–3150 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, August 31, 1950—10 a. m.

Depto 90. Meeting August 30.

[Here follows a brief account of the first seven subjects of discussion, concentrating mainly on the procurement and financing of high priority defense production.]

8. Deputies turned French August 17 D–D/34 [1] from which French deputy spoke adhering closely substance. Urgent to find unprecedented peacetime formula for achieving most economical integrated production program and unified military command with common financial instrument and effective political, military, and economic coordination.

9. Belgian deputy urged importance of French political proposals, agreed with military and armament proposals, and was uncertain of implications of common fund which needed expert study.

10. Canadian deputy thought NATO should be flexible and responsive changing needs. Was moving from planning into action stage. Deputies should seek eliminate military overlap betweeen WUO and NATO arising from circumstances their organization. In view imminence report on revised short and medium term military plans, NATO planning organization should be reexamined. Commenting personally,

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[1] French supplementary memorandum quoted in telegram 852, August 17, from Paris, p. 220.

Can deputy agreed peacetime high command needed consisting small military staff responsible to military command for overall military planning and coordination. Possibly also needed subordinate theater commands. Elimination military overlap between WUO and NATO would also correct anomalous position WU C in C command which now Brussels treaty command organization designate but not same for NATO West European region. Deputies should ask DefCom instruct MilCom undertake study and make specific recommendations on reorganization military side NATO. Some governments might have strong reservations about military organization in peacetime which excluded them at top level. Time required for study military reorganization by military authorities would not impede national efforts build up forces and resources for NAT defense. On non-military side, need for new executive body might be surmounted if existing NATO bodies gradually developed executive functions under general direction deputies.

11. Danish deputy pointed out Denmark interest in regional planning groups. Associated self with Canadian deputies recommendation that French proposals be carefully studied, as did other deputies.

12. Italian and Luxembourg deputies indicated general support French proposals.

13. Netherlands deputy thought French memo helpful contribution with proposals along lines for which climate increasingly favorable but too early to say how far practical steps could go. Probably not full length.

14. Norwegian deputy thought in some respects French deputy undervalued past achievements and present quality NATO. Thought issue was support, not form, of NATO. Strongly agreed Canadian deputy's views.

15. Portuguese deputy wanted unified military high command which preferable to regional planning. Unclear on meaning common fund but favored early distribution financial burden. Economic executive body more difficult matter which DFEC should examine. Agreed French proposals generally.

16. UK deputy commented personally that NATO was living and growing organ and should change as necessary to conform needs NAT defense. UK would presumably favor reorganization which simplified WU and NATO. Beyond that he was not prepared comment.

17. Chair referred to deputies responsibility review NATO problems and make recommendations. Recommended military organizational questions be referred to NATO military authority for study and recommendation rather than SG. On non-military agencies, problem divided into question organization within present NATO func-

tions and long run questions going into broader fields. Should receive extensive consideration by deputies or their instruments. Without excluding any questions raised by French memo, US would stress need for better handling presently accepted NATO functions. Others would require consideration highest governmental levels. Consideration such questions must not be permitted interfere urgent work raising and equipping men on basis effective combined organization.

18. Agenda next meeting D–D/58 draft resolution on high priority production program, August 28 submissions on proposed force increases July 1951, possible agenda for council meeting, and organization deputies secretariat. Discussion French memo will be continued September 1.[2]

Department pass Ottawa, sent Department Depto 90, repeated info Brussels 57, pass Luxembourg, Cophenhagen 48, Hague 67, Lisbon 37, Oslo 35, Ottawa 22, Paris 344 pass OSR, Rome 90, Frankfort unnumbered pass Heidelberg 28 for Handy. Department pass Secretary Defense.

[Spofford]

[2] In its meeting of September 1, the Deputies approved a resolution proposed by Alphand which invited the Defense Committee to make known before October 18 its opinion on those aspects of the August 17 French memorandum that pertained to military reorganization of NATO and the Brussels Treaty Organization and to inform the Atlantic Council, if necessary, of measures that might be required to effect such reorganization. The meeting is summarized in Depto 97 from London, September 2, not printed; 740.5/9–250.

740.5/8–3150

The Secretary of State to the Secretary of Defense (Johnson)

SECRET [Washington,] August 31, 1950.

My Dear Mr. Secretary: The Turkish Government has from time to time expressed a strong desire to adhere to the North Atlantic Treaty, and recently submitted a formal request to the British, French and United States Governments, asking that the subject be discussed by representatives of the three governments at the forthcoming Foreign Ministers' meeting in New York in September. We have felt compelled, in view of the urgent nature of the Turkish request and an indication that the British and French also desire to discuss it, to include this matter on the proposed agenda. It is therefore necessary to consider the position which the United States should take in these meetings, which will be held from September 12 to September 14, as well as the position which we should take with the Government of Turkey.

The United States position on this question in previous discussions with the Turks has been that we could not extend our formal security commitments in view of the fact that, although considerable progress had been made in establishing the organizational framework envisaged in the North Atlantic Pact, there still remained the more important problem of implementing the pact by concrete steps designed to strengthen the collective defensive capacity of the treaty nations. Until these objectives have been realized, we have not felt able to consider further extension of our formal security commitments. Representatives of the Department of State and Department of Defense have exchanged preliminary views on the problem, and have agreed that the matter should be referred to the Joint Chiefs of Staff for their consideration of the military and strategic aspects.

I would like to review briefly considerations affecting this decision from the point of view of the Department of State:

Our decision concerning Turkey will of course directly affect not only our political relations with Turkey, but also with Greece and Iran. All three countries have stressed to us their desire to be included in a security pact which would assure them of United States and British, and possibly other allied, support in the event of aggression against them. The three countries have been linked in previous public statements regarding the concern of the United States for their security, and are linked in Title II of the military aid legislation. It therefore appears that the inclusion of any in special security arrangements with the United States would necessarily entail the inclusion of the others, unless there were logical reasons for their exclusion; otherwise it might appear to them and to possible aggressors that United States interest in their security has lessened. Thus, the inclusion of Turkey in the North Atlantic Treaty would, I believe, require for political reasons the inclusion of Greece, although Iran might be excluded on the grounds that it is not a European country. In this event, however, I believe that the Iranians would have to be reassured in some new way of United States interest in order to minimize adverse political and morale effects in Iran and to make our position clear to the Soviets.

It appears that the principal reasons for Turkey's strong request that it be included in the pact are (*a*) its desire to participate in defense planning per se and with the hope of obtaining additional arms thereby and the commitment of allied support in the event of war; and (*b*) the conviction that Turkey's adherence to the pact, with the commitment by other members to consider an attack against it an attack against all, would deter Soviet aggression. Although Greece is not pressing the matter at present, preferring to wait and see the

reaction to the Turkish request, our Embassy in Athens believes that Greek interest in the pact is based upon the same considerations.

The decision regarding the inclusion of Turkey, and thus Greece, in the North Atlantic Treaty involves such considerations as (*a*) the extent to which their adherence would serve as a provocation to the Soviet Union, (*b*) the effect as a deterrent against Soviet invasion, (*c*) the extent to which they would add military strength to the pact countries, (*d*) the organizational and planning problems involved in the addition of two new countries and from a separate geographic area, and (*e*) the extent to which the United States and the Western European powers would in fact be able to extend assistance to Greece and Turkey in the event of hostilities. In the latter connection, if the inclusion of Turkey and Greece in the pact would necessarily result in their becoming aware of plans which do not contemplate any appreciable direct assistance to them in the event of hostilities, it is likely that the adverse effects would be even greater than the results of their exclusion. Moreover, a specific promise to commit forces to aid these countries without the capability to do so would result, in the event of hostilities, in disillusionment and bitterness which probably would have serious consequences both during and after the war.

Alternatives to the inclusion of Greece and Turkey in the North Atlantic Treaty also have been considered. Among these would be the establishment of a new security pact initially consisting of Greece, Turkey and Iran, under which the United States, Great Britain and France might either enter into reciprocal commitments on the Atlantic Pact model or extend a non-reciprocal commitment assuring the pact countries that they would not tolerate any aggression against them and would provide all possible support. Although this might simplify the organizational and planning aspects of the problem, there remains the important question of the extent to which United States and allied aid, particularly air support, can at this time be promised them in the event of attack.

While it is clear that Turkey will not be completely satisfied with any arrangement short of direct and full participation in some security arrangement underwritten by the United States, it is possible that a compromise might be worked out whereby Turkey, as well as Greece, would attend meetings of a Mediterranean section of the North Atlantic Treaty organization on a consultative basis rather than as full-fledged members. This obviously would be no more than a delaying device, as Greece and Turkey would probably not long remain satisfied and would press for early full membership.

As another alternative, the United States might engage in high-level diplomatic talks with the Turks to persuade them it is not really in

their interest to join the pact itself but to indicate that the United States will be prepared to make a strongly-worded non-reciprocal declaration which would make it even clearer that we would not tolerate an invasion of Turkey. Such a unilateral declaration would not place Turkey in a position of assuming a dangerously provocative attitude vis-à-vis the USSR, although the Soviet Government might interpret this action as further evidence of United States "aggressive" intentions and encirclement by the Western powers. It might be made clear to the Turks that United States military aid in the maximum amount possible consistent with our other commitments would be provided. It is believed that such an arrangement with Turkey would require similar policies in Greece and Iran. The British and French are already committeed by treaty to aid Turkey in the event of an invasion. Those governments might also join with the United States in assurances to Greece and Iran.

In view of the early discussions of this matter with the British and French, I would greatly appreciate receiving the views of the Department of Defense as soon as possible. While the subject is at this time basically a political-diplomatic problem, the United States' answer should reflect military and strategic considerations relating to the defense of the area. Consequently it would be most helpful to the Department to have an opinion as to which of the following courses of action would be advisable from the military point of view: (*a*) the inclusion of Greece and Turkey, and possibly later Iran, as members of the North Atlantic Treaty; (*b*) giving these countries, temporarily at least, consultative status in the Treaty organization; (*c*) the establishment of a new area pact along the lines of the Atlantic Treaty, with United States, United Kingdom and French guarantees either on a reciprocal or non-reciprocal basis; (*d*) a unilateral non-reciprocal declaration by the United States and possibly the British and French, making it even clearer that we will not tolerate armed aggression against Greece, Turkey or Iran, with assurance to the three countries that United States aid in the maximum amount possible consistent with our other commitments will be provided; or (*e*) other appropriate courses of action to meet the present situation.

In the light of the military and strategic importance of the area, particularly the Turkish Straits, and political advantages to be obtained by intensifying the determination to resist aggression, I hope that you will consider with reference to (*a*), (*b*) and (*c*) above the question of whether we are now or will in the foreseeable future be in a position to provide sufficient military support to justify our entering into such arrangement, bearing in mind the adverse effects if the United States should fail to live up to any commitments which we

might undertake. I would particularly like to have comments on the organizational and planning difficulties involved. Any further general views on the various aspects of the problem would be appreciated.

Officers of the Department of State concerned with the matter stand ready to render any assistance which you may require.

Sincerely yours, DEAN ACHESON

740.5/9–250 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET WASHINGTON, September 2, 1950— 7 p. m.

1124. For Amb Bruce eyes only. Pls call urgently on Schuman and inform him that:

The US Govt has been fol closely suggestions made in Eur for speeding up the creation of the defenses of Eur by the creation of a unified Force for the Defense of Eur capable of deterring aggression or containing it should it occur. It is noted that if such a Force were created it would be necessary to establish a Supreme Commander with a Combined Staff, and that in this event, it should be possible to integrate into such a Force German units in a controlled status without thereby creating a German National Army. Also noted is the feeling that if these steps are to be effective larger participation by the US both in troops in Europe and in the direction of the unified Force might be required.

The US feels that these important suggestions shld be discussed in the tripartite Sept mtgs in New York and proposes to raise them.

In conveying the above to Schuman you shld emphasize that the US has not taken a final position on any of the above points but that it intends to come to the mtgs prepared to discuss them. For your info, and for use in your discussion with Schuman the fol is our tentative thinking on these points.

It wld seem to us that a unified Force for the Defense of Eur does imply a Supreme Commander who wld presumably receive direction from the Standing Group and a Combined Staff to serve such a Commander. The decision that a Supreme Commander wld be appointed could be made now but the actual appointment of such a Commander shld be delayed until such time as there are forces in being justifying his appointment. However, it should be possible now to estab a Combined Staff with a chief which cld direct the perfection of defense plans and the necessary steps in the formation of a Force for the Defense of Eur. This Staff would become the Supreme Commander's Staff when he was appointed.

Important to be considered are ways and means whereby German military units cld be integrated into such a Force for the Defense of Europe. The command structure and supply system shld be arranged in such a way as not to create a German National Army.

On the production and supply side, the US is prepared to consider measures necessary to put the Military Production and Supply Board in a position to give effective direction to supply and production matters involved in equipping a Force for the Defense of Eur.

You shld make it abundantly clear that greater US participation in the defense of Eur and in the direction of such a unified Force would involve greater commitments than we have heretofore been willing to consider. Whether or not we actually make such additional commitments will depend on whether or not the Europeans are themselves willing to make substantially greater effort resulting in adequate steps to increase their forces in being. Without comparable commitments and greater effort by the Europeans we will not succeed collectively in building sufficient strength in time to be able to defend Europe in the event of aggression. Under such circumstances, not only would greater US participation serve no real purpose but it would actually result in a dissipation of our individual strength and thus that of the free world.

We feel, of course, that these matters shld be first discussed in the tripartite mtg, and we hope it may be possible for Schuman to come prepared to talk about these problems. We think it is very important that these questions also be discussed by the NAT Council. However, if any action is to result from the Council mtg itself, it is important that the other Ministers who will attend that mtg be informed as early as possible, and certainly before they leave for the meeting, so that they also may be prepared to discuss these subjects. We would, therefore, appreciate earliest replies as to their thinking on our informing the other Ministers.

We are sending a similar cable to London.[1]

ACHESON

[1] Telegram 1197, eyes only for Holmes and Spofford.

740.5/9–350 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

TOP SECRET LONDON, September 3, 1950—6 p. m.

Depto 101. Following text deputies resolution September 2 concerning increased defense efforts, D–D/65, final paragraph.

1. NAC deputies have considered general position with respect forces and equipment available for defense NAA, and have reviewed replies other member governments in response US inquiry concerning need for increases in defensive measures. In so doing, they have been guided by following considerations:

(1) Achievement basic objectives NAT requires creation and maintenance adequate collective military strength by treaty members;
(2) Military and economic burden raising and equipping forces to carry out med term defense plan must be frankly and urgently accepted;
(3) Each member nation should bear equitable share burden.

2. Deputies conclude that:

(1) Aggregate defensive efforts so far reported by member governments are still far short of requirements for defense NAA.

3. Deputies recommend that:

(1) Member governments consider urgently, whether in light of their economic capabilities their presently declared defense efforts are adequate, and by what means they can contribute more to collective efforts required;
(2) Member governments work toward equitable distribution among them of total collective effort required for common defense, devising through NATO means which would assure equitable distribution and so far as possible avoid disturbance economic structures their countries;
(3) Member governments immediately take all possible additional military, production, and financial measures to expedite raising and equipment trained formations to be readily available for defense NAA.

4. Deputies decide that:

(1) They will continue study action necessary close existing gap between measures hitherto contemplated and those required. This study will include problems involved in achieving equitable distribution burden adequate defense and means by which necessary efforts can be achieved with minimum economic disturbance.
(2) They will take steps to collect further necessary information concerning defense efforts of member governments, and to this end will seek achieve, so far as possible, system uniform and periodic reports.

Department pass Ottawa, sent Department Depto 101, repeated info Brussels 66, Copenhagen 54, Hague 76, Lisbon 42, Oslo 42, Ottawa 27, Paris 380, for Embassy and OSR, Rome 98, Frankfort unnumbered, Luxembourg unnumbered, Heidelberg for Handy 36, pass Secretary of Defense.

HOLMES

740.5/9–550

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State

TOP SECRET [LONDON, September 4, 1950.] [1]

PERSONAL MESSAGE FROM MR. BEVIN TO MR. ACHESON

I am convinced that a real danger exists that we shall be faced, possibly in a few months' time, with a crisis in Germany similar to but more dangerous than that in Korea, arising from an attempt by the Russians, acting through the East Zone police, to drive us out of Berlin or to secure the unity of Germany within the Communist orbit.

I feel it is essential that we should examine this question at our meeting and I therefore ask you to consider the attached paper, the substance of which I am also communicating to M. Pleven. Our Chiefs of Staff point out that there is no visible way of providing the forces needed to defend the territories of the North Atlantic Treaty Powers without German assistance. His Majesty's Government are not however prepared at present to agree to the re-creation of a German Army. We do not wish to exclude eventual discussion of the incorporation of a German contingent in the Western defence forces if the United States or French Governments should wish to discuss it but in our view there are certain minimum measures which should be taken without delay. These are summarised in paragraph 3 of the paper. The most important is the creation of a Federal Police Force for which Adenauer asked on 17th August.[2] The size and armaments of such a Force are for discussion but it is important that it should be organised on a sufficiently centralised basis to enable swift and effective action to be taken in an emergency.

I have given much thought to the question whether the establishment of such a Force would provoke the very action we want to prevent. Unless we are prepared to ignore military opinion and to risk Berlin and even Western Germany being overrun, this danger must be faced some time. It is better to face it now when the Bereitschaften are less ready for action than they will be next year and in such a form as is least likely to provoke Soviet reaction. Moreover, the creation of a *gendarmerie* will take time. Until it exists and until we have reorganised the German auxiliary services, our forces would find themselves liable to be hamstrung in an emergency by loss of their essential services, and by having to devote themselves to suppression

[1] Transmitted to Acheson by Hoyer Millar in his letter dated September 5, not printed; 740.5/9–550.

[2] Documentation on this subject is scheduled for publication in volume IV.

of Communist-inspired disturbances or cope with mass movements of refugees. Furthermore, unless we show now that we are prepared to face up to danger that stares West Germans in the face, we shall lose the confidence of the Germans and their morale may crack in an emergency.

The problem of the defence of Berlin may prove to be more urgent and to need separate action in advance of the other measures I propose.

[Enclosure]

German Association With the Defence of the West

THE PROBLEM

In Europe the declared policy of the Western Powers has been

(1) to build up a position of strength in the West;
(2) to incorporate Germany into the Western system, eventually as an equal partner.

It was recognised that this policy could only be executed in the teeth of Russian opposition, but the risk was taken in the expectation that it would be possible in time to build up the necessary position of strength in the West. It was hoped to achieve this by the Brussels Treaty and subsequently by the North Atlantic Treaty. Had this hope been realised, Western policy would be coherent and the prospects fair. But in the light of recent events the Chiefs of Staff have come to the firm conclusion (C.O.S. (50)305 of August 18th) that in fact we cannot build up the necessary strength to assure the defence of the territories of the N.A.T. Powers without the participation of Germany. The need to provide for adequate defence has been rendered more urgent by the circumstance that the rearmament of Germany has already begun in the Eastern Zone. There is evidence that the Russians are in process of converting the People's Police, the Bereitschaften (Alert Units), into a highly-trained regular German Army of 150,000 men which is to include a number of armoured divisions It is accordingly clear that provision will soon have to be made against an attack on Berlin or on the Western Zone by this new German Army. To meet the threat the Federal Chancellor in a conversation, on August 17th, 1950, asked the High Commissioners for authority to raise a special Federal force of 150,000 volunteers trained and equipped on the model of the Bereitschaften. In the paper of 18th August the Chiefs of Staff went further and recommended that the German contribution to Western defence should consist of local naval forces, a balanced Army of 20 divisions with a reserve of 10 divisions, a tactical air component of 1,100 aircraft, an air defence force of 1,000

fighters and a substantial anti-aircraft force equipped with guided weapons.

2. If the premise is accepted that the threat from the East is real and urgent and without Germany it cannot be met, the problem is to find the best method of associating Germany so far as this is politically and economically practicable with the defence of the West.

RECOMMENDATIONS

1. It should be recognized that it is not practicable at the moment to rearm Germany on the scale recommended by the Chiefs of Staff.

2. Nevertheless, the United States and French Government should be urged to agree that the Federal Chancellor should be told in reply to his request that in view of the threat of an invasion by the Eastern German Army he may as a first step raise a federal force of 100,000 volunteers trained and equipped on the model of the Bereitschaften, the arms to be supplied by the Western Allies.

3. A similar force of 3,000 men should be raised in Berlin.

4. The proposal to create a *gendarmerie* on a *Land* Basis should be abandoned.

5. The auxiliary forces serving with the British and United States armies should be improved and reorganised in Units.

6. The German Frontier Customs Police Force should be improved and slightly expanded.

7. Germany should make an industrial contribution to Western strength.

8. The High Commissioners should be empowered to discuss the implementation of these steps with the Chancellor and with German representatives nominated by him.

[Here follows, in the final two-thirds of this enclosure, an argument in support of the recommendations listed above.]

AUGUST 1950.

740.5/9–550 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

TOP SECRET LONDON, September 5, 1950—4 p. m.

Depto 111. State pass Secretary Defense. Please transmit following message to Secretary Johnson on behalf Chairman, NAC Deputies:

"September 1, 1950. The Honorable Louis Johnson, Chairman, North Atlantic Defense Committee, Pentagon Building, Washington, D.C. Dear Mr. Chairman: At the request of the Council Deputies there are being forwarded to you under separate cover the replies to Council Deputies' document D–D/18 revised as regards proposed

increases in military forces readily available 1 July 1951, for the defense of the North Atlantic area.

It is the opinion of the Deputies that a military analysis as to the adequacy of the forces indicated in these replies should be initiated immediately so that any interim recommendations resulting from such an analysis may be considered by the North Atlantic Council during their meeting 15–16 September.

The Deputies realize that the Defense Committee and the Military Committee will not have had an opportunity to consider the revised medium-term plan prior to 15 September. However, they hope that by that date such general analysis as may be feasible of the proposed increases in forces can be accomplished. If such an analysis provides a basis for further recommendations, it would be highly desirable for the North Atlantic Council to have such recommendations before them at their forthcoming meeting.

The Deputies are impelled by particular degree of urgency at this time in view of the present stage of preparation of annual budgetary estimates by the majority of NATO governments. Sincerely yours, signed Charles M. Spofford, Chairman, North Atlantic Council Deputies."

HOLMES

740.5/9–550 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, September 5, 1950—8 p. m.

1157. I saw Schuman this afternoon. He stated that he regretted the inability of the French Government to agree to referring the matters raised by Deptel 1124, September 2, to the Council of Ministers of NATO although, as he had previously indicated, he was agreeable to discussing them at a meeting of the three Ministers.

He had referred this matter to the Cabinet and Pleven and himself feel very strongly that discussions between the three Ministers may result in such a divergence of views upon certain problems, notably that concerning any German rearmament, that it would be most unfortunate for the Council of Twelve to become aware of these differences.

In the past he had always found that when Messrs. Acheson, Bevin and himself met in person they had been successful in reaching agreement even upon the most difficult issues. He hoped that such would again prove the case next week, but that until it was certain that such an agreement could be reached, in spite of his regret at delaying a procedure of which the American Government was so desirous, Pleven and himself felt that they had no other choice than to object to these questions being placed on the agenda of the NATO meetings.

Schuman is leaving immediately for Rome, returning here Saturday night and leaving on Sunday for New York.

In my opinion the French Government will not change its stand in this regard.

Sent Department 1157; repeated information London 302.

BRUCE

740.5/9–550 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, September 6, 1950—8 p. m.

1163. ReDeptel 1124 Sept 2 and Embtel 1157 Sept 5. In Schuman's absence pls call on Pleven and inform him that we have given careful consideration to Fr views as conveyed to you by Schuman and in deference to their wishes we have refrained from notifying other NATO Govts (of course with exception of UK) of our preliminary thinking or of our intention to discuss creation of unified Force for Defense of Europe at forthcoming NATO Council mtg.

You shld inform him that we share his wish to avoid having NATO Council become a forum for airing of serious differences of opinion between Fr, UK and US. As Schuman pointed out, however, when he, Bevin and I have met in person we have usually been successful in reaching agreement even upon most difficult issues. In the present case, we fully understand the apprehensions of the French, particularly in respect to how western German manpower and economic potential may be employed. It is our hope and belief that on this and related problems we can reach conclusions which will not only contribute greatly to the strengthening of the North Atlantic position, but will do so in a way which will be of concrete assistance to Fr in dealing with the problem of their public opinion.

We continue to feel that this problem, which appears directly related to proposal set forth in para 5 of Fr memo of Aug 17 (Pleven will recall that this memo to US Govt was circulated by Fr directly to other NAT signatory Govts) is too important and urgent to permit indefinite postponement of discussion of at least broad principles among all NAT members. In fact, it seems to us almost inevitable that question will be raised by some member when Item IV or V of agenda proposed by NAT deputies is reached. Whether or not this happens it is important that Pleven clearly understand that while we have deferred to Fr desires on prior notification of other NAT Govts we must reserve right to raise question ourselves at Council mtg. As indicated above, our hope is that broadest possible agreement will emerge

from tripartite talks and that Fr will consequently be prepared to take prominent and constructive part if discussion arises in Council.

Repeated London [1] for Holmes info and to inform Brit of substance of Fr reaction and this reply.

ACHESON

[1] As 1233.

740.5/9–850 : Telegram

The United States Special Representative in Europe (Katz) to the Secretary of State

TOP SECRET PARIS, September 6, 1950—8 p. m.

Repsec 34. Please pass Harriman. Stikker called this morning for brief review various matters prior his departure to forthcoming meetings in New York. In general conversation preceding discussion specific matters he remarked Brussels Pact organization had failed in its job and Council of Europe was getting nowhere. As for NATO he felt it still in talk stage with little accomplishment. When I mentioned deputies agreement on high priority production program, he acknowledged this useful as far as it went but too small to be significant. With respect to major developments which must follow, he was troubled by feeling that US waiting on Europeans for action and Europeans waiting on US leaving matters at dead center. He stressed futility separate national defense programs with illustrations from case of Netherlands. His government feels Germany must be brought effectively into defense of Western Europe. He was concerned about French slowness to face this need, but felt British Government in last two weeks was moving toward recognition of it. He felt unified command essential, and that such command could only be American.

KATZ

740.5/9–750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, September 7, 1950—7 p. m.

1204. I have received letter dated September 6 from Schuman which reads in translation as follows:

"I am instructed to inform you that the French Government is most concerned about the reception that may be accorded to the questions

raised in its two memoranda of August 5 and 17, addressed to the Council of Deputies.

Despite the insistence of our representatives, it has not so far been possible to obtain any precise reply from the Government of the US regarding these problems, which vitally affect the efficacy of our common defense effort and the possibility for France to establish her 1951 budget and her armament program.

I have the honor, consequently, to inform you that in connection with point two of the agenda of the tripartite conference, I shall be obliged to raise the question of the delay in replying to the problems raised by the two French memoranda."

Sent Department 1204, repeated information London 307.

BRUCE

740.5/9–750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, September 7, 1950—7 p. m.

1205. 1. I took advantage of Alphand's call on me this morning to discuss with him Schuman's letter of September 6 communicated in Embtel 1204, September 7 asking for precise replies to French Government's memoranda of August 5 and 17. Pleven, Schuman and Petsche have of course made very clear to me importance attached by French Government to this matter and I will shortly communicate to you my further views thereon.

2. Alphand emphasized what I have already heard frequently from above-mentioned Ministers to the effect that when the Parliament reconvenes in October the Cabinet expects to be attacked for making commitments for increased military forces without having reached any agreement with the US as to financial and material aid which might be received in this regard to supplement domestic budgetary provisions.

3. Alphand is most anxious that the three Foreign Ministers agree to the idea tentatively approved by Spofford, Dixon, and himself in London that these three deputies convene secretly and informally in Washington immediately after the NATO Council meeting and proceed speedily to reduce to draft form recommendations re the establishment of combined procedures for procurement financing, etc. In my judgment this suggested small working group would present distinct advantages and if Spofford is favorable I hope the idea will be approved.

BRUCE

740.5/9–850 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET WASHINGTON, September 8, 1950—1 p. m.

1260. The fol personal msg from Bevin to Sec has just been received:[1]

"1. I think we are on the verge of making real progress in our defence measures and in the restoration of confidence on the mainland of Europe. Our own decision to extend national service has been followed by the Belg Govt and I think the Dutch in their own time will do the same. The Fr say they can produce 5 new divisions by next summer without increasing the training period, but if this proves impossible they will make the increase. Our decision to bring our forces in Ger up to three and a half divisions fully up to strength and ready for battle has been very well received by the Fr and I am now considering what more we can do by way of putting units on to the continent for training. At the same time the Deputies, under the very able leadership of Mr. Spofford, have made good progress with the plans for coordinated defence production and should have concrete results to report to the Atlantic Council.

2. But I am worried about the financial side. When you asked us to say what we cld undertake over the next three years, given US aid, we examined our capacity, both productive and financial, with the utmost care, and the answers we gave you represented the most our econ cld bear without resort to wartime measures of manpower mobilisation, requisitioning, etc. or a serious setback in our recovery. But we made it clear that this programme was dependent on the aid which your Govt had indicated wld be available. We now find that we are being pressed to commit ourselves to this vast production programme, and to start placing the orders before receiving any firm commitment on your side as to the extent or the form of the aid we shall receive. I know your difficulties, but I think this is not fair to us having regard to what went before. We have already made commitments for new defence production up to pounds sterling 100 million over our expected budget for this year without any firm assurance of aid and are now contemplating a further commitment of the same order. This is the limit of what our present resources will stand, and if we are to get on with anything more we must have an instalment of the aid from you. I want to get this production started. Time is short and there is a lot to do. Public opinion in this country is seized of the importance of this problem, and I do not want to lose the momentum as a result of the delays on the financial issue. I believe the 8 million trade unionists in this country will back us fully on this matter.

3. The other point on which I want to ask your help is on this matter of forces stationed in Europe. We were all greatly encouraged to hear of the large increases in your armed forces which you expect

[1] This message from Bevin, together with another not identified in the Department of State files, was dated September 2 and sent to Acheson on September 5 by Hoyer Millar (740.5/9–550).

to make before July next year. Douglas told me about them and said that subj to the Far East situation the greater part of the 22 divisions which you will have will be available for North Atlantic defence. The question I asked him was how many can you station on the continent *before* aggression takes place. This is now the key question. If you too can increase your forces in Ger I believe it will be decisive for morale in Europe, and we shall be able to hold Fr and Ger firm. We are going to do our best, and I shall have various ideas to discuss with you when we meet, especially in regard to training our men on the continent.

4. As I am bothering you about money, give my regards to John."

Re above msg and re conversations early next week Sec and Bevin it is essential Dept receive soonest full report UK–US Working Group mtg Sept 5 and any possible subsequent mtg.

ACHESON

740.5/9–750 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET WASHINGTON, September 8, 1950—8 p. m.

1219. Amb Bonnet called on Sec Thursday [1] and orally brought up the substance of Embtels 1204 and 1205, Sept 7. Fol is text letter [2] being given him which covers points he raised:

"I thought it might be useful to give you our views on certain points which you raised orally with me yesterday.

I am sorry to learn that M. Pleven was disappointed with the results of the recent mtgs of the NAT Deputies. We here were rather encouraged by them since a start was made on immed action to deal with immed problems and the groundwork laid for dealing with longer range problems.

I quite understand the difficulties which your govt is facing in formulating its 1951 def budget. We hope to be in a position in the near future to discuss with your Govt concerete aspects of the Mil Def Assist Program for the coming year and for this purpose we are endeavoring to obtain certain further information through our Embassy in Paris.[3] You will understand that assistance in the immediate future must be in accordance with existing legis. In view of the importance of obtaining passage of the pending MDAP legis before the adjournment of Congress, I am sure that it wld be a serious mistake to seek any changes in that legis at this time.

It goes without saying that we will put such assistance as Congress may auth to the most effective use possible for carrying out our common commitments under the NAT.

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[1] September 7.

[2] Dated September 8.

[3] A request for information was made in telegram 1228 to Paris, September 8, 8 p. m., not printed (740.5/8–2950).

I am advised that Mr. Spofford took occasion during the recent London mtgs to advise M. Alphand orally in considerable detail of this Govts views with respect to the points raised in your Govts memoranda of Aug 5 and Aug 17. As you know, the latter memo was acted upon by the Deputies, who requested the Def Comite to study its mil aspects and set up themselves a special group to study its non-mil aspects. It will, of course, be possible to discuss these problems further at the forthcoming Fon Mins mtg in New York.

The UK, Fr and US Deputies cld also meet informally during or after the Council mtg, or at any other time, if it seemed at the time that such informal talks wld be productive. I think we will be in a better position at the Council mtg than we are now to judge how useful such talks wld be."

ACHESON

740.5/9–850

The Secretary of State and the Secretary of Defense (Johnson) to the President [1]

TOP SECRET [WASHINGTON, September 8, 1950.]

MY DEAR MR. PRESIDENT: In compliance with your letter of August 26th,[2] we have jointly considered the questions you raised regarding the strengthening of the defense of Europe and the nature of the contribution by Germany to this defense. We have reached the following conclusions and recommendations in regard to those questions:

1. *Are we prepared to commit additional United States forces to the defense of Europe?*

We are agreed that additional United States forces should be committed to the defense of Europe at the earliest feasible date in order that any doubts of American interest in the defense, rather than the liberation, of Europe will be removed, thus increasing the will of our Allies to resist. We agree that the overall strength of United States forces in Europe should be about 4 infantry divisions and the equivalent of 1½ armored divisions, 8 tactical air groups, and appropriate

[1] President Truman received this joint communication on the morning of September 8. He shortly thereafter referred it for urgent consideration by the other members of the National Security Council and by the Acting Secretary of the Treasury who concurred in it (NSC Action No. 359), subject to the comment by the Chairman, National Security Resources Board, that, in the limited time available for study, he was convinced that the forces proposed herein were inadequate. On September 11 the President, after consideration of the views of the National Security Council and the Acting Secretary of the Treasury, approved this communication. The approved joint communication was circulated to the National Security Council under cover of a brief explanatory note by "Council Executive Secretary James S. Lay, Jr. as document NSC 82, September 11, Report to the National Security Council by the Executive Secretary on United States Position Regarding Strengthening the Defense of Europe and the Nature of Germany's Contribution Thereto." (S/S–NSC Files, Lot 63 D 351, NSC 82 Series)

[2] *Ante*, p. 250.

naval forces; and that these forces should be in place and combat ready as expeditiously as possible. In addition to the above, we agree that the United States should dispatch to Europe on the outbreak of hostilities, further forces, the size and composition of which should be discussed within NATO on the Chiefs of Staff level.

Plans to commit United States forces as discussed above are based upon the expectation that they will be met with similar efforts on the part of the other nations involved. The United States should make it clear that it is now squarely up to the European signatories of the North Atlantic Treaty to provide the balance of the forces required for the initial defense. Firm programs for the development of such forces should represent a prerequisite for the fulfillment of the above commitments on the part of the United States.

In view of the Korean situation, both Departments are agreed that it would be undesirable to announce publicly the tentative departure date of additional units to Europe. However, appropriate European representatives should be informed at the earliest practicable date of our intention to increase our strength in Europe, as outlined above. (The term European defense force as used herein expressed a concept and is not meant to rigidly fix the name of this force.)

2. *Are we prepared to support, and in what manner, the concept of a European defense force, including German participation on other than a national basis?*

3. *Are we prepared to look forward to the eventuality of a Supreme Commander for the European defense forces?*

4. *Are we prepared to support the immediate creation of a Combined Staff for such an eventual Supreme Commander?*

We are agreed that the above three questions must be considered together and that our recommendation on each of them is in the affirmative. In the interest of clarity of understanding, however, it is desired to set forth our understanding of the general concept we visualize. The creation of a European defense force within the North Atlantic Treaty framework seems to us to be the best means of obtaining the maximum contribution from European nations and to provide as well a framework in which German contribution of a significant nature could be realized. The objective should be the early creation of an integrated force adequate to insure the successful defense of Western Europe, including Western Germany, against possible Soviet invasion, commanded by a Supreme Commander at the earliest suitable date.

The details of the concept of the European defense force should be developed by the appropriate agencies of NATO. It is our present view that the plan should shape up as follows:

A. There should eventually be a Supreme Commander for the European Defense Force who would be provided with sufficient dele-

gated authority to insure that the separate national forces are organized and trained into one effective force in time of peace and who would be prepared to exercise the full powers of the Supreme Allied Commander over that force in time of war.

B. The Supreme Commander described above should be provided with an international staff drawn from the nationals of all of the participating nations. This staff should perform the functions indicated below as well as serve the Commander with all necessary staff support.

C. Field forces of the European defense force should in general be composed of national contingents* operating within overall NATO control and under immediate commanders of their own nationalities. The nations concerned should make firm commitments as to the forces that would pass immediately to the control of the Supreme Commander, when appointed, and additional commitments as to the forces which would be placed under his command in event of war.

It is our present thinking that German units larger than the balanced ground Division should not initially be authorized, although at a later stage as the force increases in size and strength there would probably be no objection to higher German echelons. These German Divisions, at least initially, would be integrated with non-German units in the corps and higher units but should be nationally generated and so integrated as not to impair their morale or effectiveness.

As an immediate step in the formation of the European defense force, we recommend the creation at the earliest possible date of a Combined Staff in Europe under the NATO Standing Group as outlined in sub-paragraph B above, and that it be clearly and publicly understood that such a step is in preparation for the appointment of a Supreme Allied Commander. A priority mission of this staff would be to plan the organization of the European defense force. The Chief of Staff of the Combined European Staff should, if the other nations so request, be an American. Even though he shall not at this stage be designated a Commander, the Standing Group, with the consent of the North Atlantic Council, should endow him with certain powers of direction from the very outset. It should be clearly understood that he would have the authority, pending the arrival of the Commander, of directing the organization and training of the forces already in being into a unified force and of prescribing the specifications for and training of units in the process of being formed. He should in addition, to the extent that command would be necessary during this interim period, have the power of direction over German units. Under such a course, with sufficient public information that a European defense force was in the process of formation, we should proceed without delay with the formation of adequate West German units since

* It may be necessary to have some flexibility in this provision in order to secure the maximum contribution to the defense of Europe, e.g., Italy, in view of the limitations of the Italian Peace Treaty. [Footnote in the source text.]

they will require time for organization, training, and equipping during which time the appropriate framework for their integration into a European defense force both in peace and in war can be developed. For political and psychological reasons in Europe, as well as to provide a basis for acceptable German participation, it is considered most important that the concept of the European defense force should from the outset be heavily stressed through all forms of informational media.

5. *Are we prepared to support supplementing the activities of the Military Production and Supply Board by a European War Production Board with centralized direction?*

We are agreed that greater central direction should be provided in the fields of military production and procurement of major items of supply. This should be done within the framework of the present NATO Military Production and Supply Board by necessary changes in its terms of reference and by setting up an executive, directing a group highly qualified in the production field, and supported by an integrated staff so as to be able to provide the necessary guidance for military production and supply.

While the maximum contribution would be expected from Germany in the production field, we believe that German forces should be dependent upon other nations for certain vital military equipment which should not be produced by German industry.

6. *Are we prepared to consider full United States participation in European defense organs, i.e., would we be prepared to accept the responsibility of having an American Supreme Commander and an American Chairman of the European War Production Board?*

We are agreed that United States participation in European defense organs appears necessary to obtain the timely and effective use of European resources for increased defense and for the most effective utilization of American assistance. In view of the tremendous United States security interest outside Europe, we agree that a full and common pooling of all United States and European resources is impractical.

We recommend that an American national be appointed now as Chief of Staff and eventually as a Supreme Commander for the European defense force but only upon the request of the European nations and upon their assurance that they will provide sufficient forces, including adequate German units, to constitute a command reasonably capable of fulfilling its responsibilities. We also recommend that, upon request, an American national assume the position of Chairman of an executive group of the revamped Military Production and Supply Board.

It is our objective to assist the European nations to provide a defense capable of deterring or meeting an attack. When this objective is achieved it is hoped that the United States will be able to leave to the European nation-members the primary responsibility, with the collaboration of the United States, of maintaining and commanding such force.

7. *Are we prepared to support the transformation of the Standing Group into a Combined Chiefs of Staff organization?*

We are agreed that the European defense force should be subject to political and strategic guidance under NATO. This of course implies eventual German participation in this Treaty Organization. From a military viewpoint, it would be desirable that this be done as soon as possible.

We are also agreed that the terms of reference of the Standing Group should be amended to confer upon it greater authority and that it should be gradually transformed into an Allied military organization for higher strategic direction of war in areas where combined NATO forces are operating. As such it would be the superior military body to which the Supreme Commander, and, pending his appointment, the Chief of Staff of the Combined Staff would be responsible.

With the eventual establishment of a Supreme Commander, the necessary supplementary Standing Group reorganization, and the framework of a European defense force, it becomes clear that the major military planning and direction in Western Europe would be the responsibility of this organization. Since the only reason for providing German security forces is to permit them to participate in this defense, the formation of a German General Staff would merely duplicate the functions of the Combined European Staff and is, therefore, unnecessary and undesirable.

8. *Are there any other ways through which we should attempt to invigorate NATO at this time?*

The question of invigorating the NAT Organization through means other than those described in this paper is a matter which is receiving joint consideration by our Departments. In view of the urgency attached to the matters contained in your letter, we have not desired to delay our recommendations for completion of studies on other measures.

If the above recommendations meet with your approval, we are in agreement that the Secretary of State should be authorized to undertake at the earliest possible date preliminary negotiations with the other governments involved, and the Secretary of Defense should be prepared to further these principles by coordinate action. While initial discussions by the Secretary of State should be on

the general political concept of the establishment of the European defense force, it is realized that it may be necessary for the Secretary of State to develop the plan in some detail in order to get agreement to maximum national contributions and to the participation of Germany in the substantial form suggested herein. The Secretary of State should, therefore, be authorized in his negotiations to utilize such of the substance of this letter as is necessary in order to reach the desired agreement. It is anticipated that at the time of such discussions, military advisers would be available to assist the Secretary of State. At a later stage, assuming the necessary governmental agreements in principle have been reached, it is anticipated that the plans mentioned herein would be formulated in greater detail and put into effect (through normal State and Defense mechanisms and procedures) at subsequent NATO meetings, including the Defense and Military Committee meetings in October.[3]

Faithfully yours,

LOUIS JOHNSON
DEAN ACHESON

[3] In a letter dated September 12, not printed, Matthews informed General Burns that the recommendations agreed upon in this letter to President Truman made unnecessary the comment or concurrence he had requested of Burns in his letter of August 16 concerning the Department of State's paper on the establishment of a European defense force (740.5/9–1250).

740.5/9–1150

The Secretary of Defense (Johnson) to the Secretary of State

SECRET

WASHINGTON, September 11, 1950.

MY DEAR MR. SECRETARY: This letter is in response to your letter of August 31, 1950 requesting the Department of Defense views on the admission of Turkey to the North Atlantic Treaty Organization.

Your letter specifically asked consideration of the question of whether we are now or will in the foreseeable future be in a position to provide sufficient military support to justify our permitting Turkey and Greece to enter the NATO.

I recommend that:

(*a*) The United States now support the granting of associate status to Turkey and Greece in order that their representatives may participate without delay in coordinating planning.

(*b*) As soon as the defense of the member nations of the North Atlantic Treaty Organization is reasonably assured, the United States consider raising the question of full membership for Turkey and Greece in the North Atlantic Treaty Organization.

(*c*) Serious consideration not be given at this time to granting Iran either consultative or associate member status in the North Atlantic Treaty Organization.

It would appear that no particular organizational and administrative difficulties would be involved in this associative arrangement. Probably the most important problem in connection with planning would be that of security. However, I believe that adequate safeguards can be established.

From the military point of view, I would interpose no objection to the United States, the United Kingdom, and France joining to give informal assurances to Turkey that a Soviet attack against it would probably mean the beginning of global war and that the United States, the United Kingdom, and France would act accordingly.

I am enclosing the views of the Joint Chiefs of Staff,[1] in which I concur.

Sincerely yours, LOUIS JOHNSON

[1] The memorandum from the Joint Chiefs of Staff to the Secretary of Defense, September 9, is scheduled for publication in volume v.

Ankara Embassy Files : Lot 58 F 33 : 320

Paper Prepared in the Department of State [1]

SECRET [WASHINGTON,] September 11, 1950.
SFM D–8*a*

SECURITY OF GREECE AND TURKEY

PROBLEM

To establish the United States position with respect to the Turkish application for adherence to the North Atlantic Treaty, and to consider whether any further steps should be taken in connection with the general security of Greece and Turkey (and Iran).

RECOMMENDATIONS

1. That the Secretary endeavor to obtain the concurrence of the British and French Foreign Ministers upon the following:

(*a*) Any decision regarding participation by Turkey in the North Atlantic Treaty Organization should apply also to Greece.

(*b*) While under present circumstances it would be unwise to extend to Greece and Turkey membership in the North Atlantic Treaty Organization, they should be offered the opportunity of being associated with the work of the appropriate military planning bodies subordinate to the Defense Committee. This would permit their participation, where feasible, in coordinating planning against Soviet

[1] Cleared by the Department of Defense; prepared for use in the Foreign Ministers tripartite meetings in New York, September 12–19. For documentation on discussion of the subject in those meetings, see pp. 1108 ff.

aggression, and might lessen their disappointment that full membership cannot be granted at this time.

(*c*) When the decision taken in the Tripartite talks regarding the Turkish application is discussed at the North Atlantic Treaty Council, an endeavor should be made to obtain a decision by the Council as a whole so that a uniform position will be taken by the Treaty members vis-à-vis the Government of Turkey.

(*d*) Assuming that the United States position is accepted by the North Atlantic Treaty Council, the Turkish authorities should be informed that the development of the organization of the North Atlantic Treaty and of the necessary defensive strength among the Treaty countries has not progressed sufficiently to permit the extension of NAT membership to other countries at this time, but that the matter of Turkish inclusion will be given continuing study. In the meantime, the special status accorded to Turkey and Greece will permit them to participate in military planning by the European countries. A similar line should be taken with the Greek Government.

(*e*) Upon conclusion of NAT Council consideration of the problem, the Council in its communiqué should make a public statement regarding the extension of the special arrangements for Greece and Turkey.

(*f*) The mentioning Iran as well as Greece and Turkey. The United States should explain to the Iranians that comparable association of Iran is precluded by the terms of the treaty.

Suggested wording of statements pursuant to (*e*) and (*f*) will be formulated.

2. Regarding further steps concerning the general security of Greece, Turkey and Iran:

(*a*) The United States has under continuing study the question of Greek, Turkish and Iranian military requirements in the light of the changed international situation and the possibility of a satellite attack, which will be met under aid programs to the extent made possible by availabilities. The United States is also giving study to the question of what additional military equipment could and should be supplied to Greece and/or Turkey in case of an attack by satellite forces, or to Iran in event of Russian-inspired revolution. Similar studies by the British and French would be welcomed.

(*b*) As a means of contributing to Greek security, the United States favors the continuance of UNSCOB in its present form and will instruct its delegation to the General Assembly accordingly. It is hoped that the British and French will do likewise.

DISCUSSION

1. *North Atlantic Treaty*

British, French, and United States representatives have, in preparatory meetings, agreed that the security of the Near and Middle East, and therefore the security of the West, would be endangered if the

Soviet Union should gain control of either Greece or Turkey. The United Kingdom and French Governments have a treaty of alliance with Turkey; the United States and United Kingdom Governments have publicly stated and demonstrated in practice their deep interest in the integrity of Greece and Turkey. Representatives of the three governments have therefore concluded that the Soviet Union has every reason to believe that a direct Soviet attack on Greece and Turkey would lead to a general war and that a satellite attack on either country might involve a similar risk. It is believed that the principal motivating factors in the Turkish request are (*a*) its desire to make more binding this implied commitment as well as direct military assistance in the event of an attack; (*b*) the conviction that Turkey's adherence to the pact, with the commitment by the other members to consider an attack against it an attack against all, would constitute an additional deterrent to Soviet aggression; and (*c*) its desire to participate in defense planning per se and with the hope of obtaining additional arms thereby.

In the Tripartite preparatory discussions, none of the three Governments was prepared to put forward specific recommendations concerning the Turkish application. The United States position necessarily awaited consideration of military and strategic aspects by the Department of Defense. In more recent bilateral discussions with British staff representatives, however, it was indicated that Foreign Office thinking has developed along the following lines: Some form of reassurance to Turkey is required. This reassurance in the British view should, in order of priority, be: (*a*) a unilateral commitment by the United States to assist in the defense of Turkey; (*b*) the creation of a new regional pact including Greece and Turkey; or (*c*) the inclusion of Greece and Turkey in the North Atlantic Treaty. The British recognize, however, that the United States position must depend upon its ability to commit forces in the event of hostilities, and that the United States could not extend a formal guarantee unless it is in fact prepared to commit some forces in support thereof.

The Department of Defense has indicated that the inclusion of Greece and Turkey as members in the North Atlantic Treaty would on balance adversely affect the progress now being made by that organization. Their inclusion would be desirable only insofar as it would facilitate coordinated military planning for the North Atlantic area and the Eastern Mediterranean area. Maximum benefit might, therefore, be obtained and at the same time the disadvantages minimized by according Greece and Turkey a special status in the North Atlantic Treaty Organization short of membership, which would per-

mit participation in coordinating planning against Soviet aggression. This status would be a temporary expedient, the effectiveness of which would depend upon the extent and nature of consultation. The terms of their relationship should provide for the collaboration of Greece and Turkey in appropriate military bodies in the NATO, including concerted military planning, so that a coordinated defense of Western Europe, the Mediterranean and, to a lesser degree, the Middle East might be effected.

The Department of Defense has indicated that a new Middle East security arrangement is militarily unsound at the present time. While the new pact, with United States, United Kingdom, and French participation, would make possible some coordination of military plans for the North Atlantic area and the Middle East, full coordination or execution would be rendered difficult by the absence of a superior authority. The individual countries in the area, with the exception of Turkey, are militarily weak, and joint defense would add little to their security. Further, the military authorities do not favor at this time any statement or action vis-à-vis Greece, Turkey and Iran which might involve commitments of military assistance beyond those already made, since prior commitments prevent now or at any time in the near future more aid to those countries than is now planned, or any effective assistance in the event they are attacked. They would have no objection, however, to the three powers informally assuring Turkey that a Soviet attack upon it would probably mean global war and that we would act accordingly.

In considering Greek and Turkish association with the NAT under arrangements short of full membership, the Department of Defense has applied the term "associate membership" and the Department has considered, in addition to this relationship, a less formal association with NAT military planning bodies.

(*a*) *Associate Membership:*

Article 10 of the North Atlantic Treaty does not provide for associate membership. Article 10 specifically provides that:

"The Parties may, by unanimous agreement, invite any other European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any state so invited may become a party to the Treaty by depositing its instrument of accession with the Government of the United States of America. The Government of the United States of America will inform each of the parties of the deposit of each such instrument of accession."

In view of this language, it would seem difficult to provide for formal adherence of associate members without amendment of the

Treaty, which in turn would seem to require further parliamentary action by the national legislatures of the present members. Quite aside from its desirability, it would probably take many months to obtain such action.

(*b*) *Association with NAT Military Planning Bodies:*

While for the foregoing reasons associate membership is impracticable, it does seem possible to provide for a working relationship between the appropriate military planning bodies of NATO and the corresponding elements in the Turkish and Greek Governments. The terms of reference of the North Atlantic Planning Board for Ocean Shipping provide a precedent in this respect.

Specifically, Paragraph II, 1, of the North Atlantic Council directive to the Ocean Shipping Planning Board provides that:

"Representatives of other countries not party to the Treaty may be invited to participate in the work of the Board whenever appropriate."

It would seem feasible for the Council to issue a further directive to the Defense Committee authorizing that body to arrange for representatives of European non-members to participate in appropriate phases of the work of the various military planning bodies subordinate to the Defense Committee when this is deemed desirable. The directive could make specific mention of the cases of Turkey and Greece.

It has, therefore, been concluded that the United States position should be to: (*a*) oppose the admission of Greece and Turkey as members of the North Atlantic Treaty Organization, and (*b*) oppose any alternative arrangement which would require the commitment of United States forces to defend Greece and Turkey (or Iran) in the event of hostilities. While it is recognized that the decision will cause adverse reaction, particularly in Turkey, the offer of the special arrangements for Greece and Turkey in the NATO should reduce to some extent the disappointment. Announcement of this decision should be accompanied by an explanation to the Turks and Greeks that the development of the organization of the NAT and of the necessary defensive strength among the Treaty countries has not progressed sufficiently to permit the extension of full NAT membership to other countries at this time, but that the matter of their inclusion will be given continuing study. All NAT countries should adopt this as a uniform position vis-à-vis the Turks.

The decision to extend the special arrangement to Greece and Turkey should be made public by the NAT Council. In addition, consideration should be given to public statements by the United States, Great Britain, and France, regarding their interest in the security

of the area, mentioning Iran as well as Greece and Turkey. Consideration should not be given to granting to Iran similar NAT status at this time on the grounds of geographic ineligibility.

In this connection, the inclusion of Greece and Turkey in the North Atlantic Treaty Organization under any arrangements would present complications in Iran. Preparatory discussions with British and French representatives disclose that this aspect is of considerably more importance in United States-Iranian relationships than with regard to British and French relationships with that country. This step might tend further to convince important Iranian opinion, as well as the USSR, that the United States and the Western powers are less interested in the security of Iran than of Greece and Turkey. It is important, therefore, that Iran be adequately reassured in public statements, and it should be made clear that Iran is not being offered the same treatment in the NAT only because of its non-European status and consequently its ineligibility to participate in the Treaty Organization.

There are two important difficulties involved in the inclusion of Greece and Turkey in the NATO on a consultative basis, which must be given continuing and careful consideration in the event this course is taken. First, their participation in NAT planning might disclose to them the present weakness of the European defense capabilities and dispel hopes which they might now have as to the ability of European countries to provide adequate assistance to Greece and Turkey in the event of hostilities. Recognition of the true situation prevailing in Europe could have a serious effect upon Greek and Turkish morale. The second difficulty involves security in connection with military planning. The Joint Chiefs of Staff believe, however, that adequate security safeguards can be established.

2. *Other Security Steps in Connection with Greece and Turkey*

The British have stressed the importance of continuing, and wherever feasible, expanding the present program of the supply of military equipment to Greece and Turkey and have suggested that urgent study should be given to the question of what military equipment, over and above that comprised in present programs, could and should be supplied to Greece and Turkey in case of an attack by satellite forces without overt Soviet participation. It has also been suggested that the British, French, and United States delegates to the General Assembly be instructed to support the continuation of a United Nations Special Commission on the Balkans (UNSCOB) in its present form. Items 2(*a*) and (*b*) under "Recommendations" reflect the United States position in this connection.

740.5/9–1250

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET NEW YORK, September 12, 1950.

Participants: Mr. Robert Schuman, French Foreign Minister
Mr. Bourbon-Busset [1]
Secretary Acheson
Mr. Battle

Mr. Schuman opened the conversation [2] by remarking that there had been considerable trouble in the world since the last meeting he had had with the Secretary. The Secretary agreed that there had been considerable difficulty and expressed the hope that there would soon be a change in the Korean situation. Mr. Schuman praised the President and the Secretary for their courage in the Korean case. He said that he considered the steps absolutely necessary in order to preserve the prestige of the United Nations and the Western powers.

Mr. Acheson said that we had worked very hard of late on the French memorandum which had been submitted to us. He said that it had been difficult to prepare answers to all of the questions raised because of the necessity for a full governmental decision. Mr. Acheson then said that the National Security Council and the President had considered many of the problems which face the Foreign Ministers at this meeting and that he hoped that they could make progress on them. He said that the President had agreed to increasing US forces in Europe and that we would proceed as rapidly as possible on this. He pointed out that we were in agreement with the French on its proposal for an integrated staff. We have also considered the French suggestion on command. We agree with that proposal. The Secretary said that we felt that the staff must come first, that the Commander must have something to command before he could take over. In other words, we must have troops in being before a Supreme Commander can be named. The Secretary said that the Commander may or may not be the same man who is Chief of Staff. That would have to be worked out as time went on.

The Secretary said that we had also given careful thought to the French suggestion regarding a production board. It is our thought that we might take the NATO military and supply board and make it a directing and executive body. The board would then deal with Euro-

[1] J. L. R. M. de Bourbon-Busset, Directeur du Cabinet of the French Foreign Ministry.

[2] September 12, 10: 45 a. m.

pean production as a unit. It would analyze existing factories, decide where contracts could be placed, avoid duplication, etc.

The Secretary said that on the financial problems in the French memorandum we were not as far with our thinking as we were in the other matters. He mentioned three steps which he felt we could take. The first of these was to work together and solve while Mr. Schuman was here the high priority production program. The second was to examine the broad financial and economic questions which would emerge during 1951. The third was to consider at the same time by taking a longer period the long-range institutions which could be established to solve the financial problems. The Secretary said he did not want to let the long-range program slow up work on the immediate problems. He said that while Mr. Schuman was here we could make real progress on the problems which would arise during 1951. He suggested that we have discussions as soon as possible to analyze the magnitude of the French effort, the UK effort and the efforts of other countries in the production and the military field. After analyzing these figures and thoroughly understanding them, which we do not at present, we would then have some basis for considering what we should request from Congress in the way of funds or authority. The Secretary said this would involve discussions with ECA, Treasury and other agencies of our Government.

Mr. Schuman asked whether these talks should be tripartite, to which the Secretary replied that we had not completely considered this point. The Secretary said that we might get together several people from our side to discuss this problem.

Mr. Schuman said that he realized it was difficult for us to have a definite position on some of these matters because of the necessity for Congressional action. He said that it was very helpful, however, to know the real intention of the United States. The Secretary said that we hoped by December or January to be able to go to the Congress with a carefully considered plan for what we needed.

The Secretary said that we could over a period of time discuss the development of potential institutions for dealing with the financial problems. He said that to do so now would only slow us up.

Mr. Schuman said that one difficulty was the fact that in France the fiscal year begins in January and the budget must be prepared next week. He said that France would hope to have plans on which they could act clearly in mind as soon as possible. Mr. Acheson said that he was aware of the budget difficulty but thought we might work out some arrangement whereby the French put in their budget and state that it was not as bad as it appeared because US help was expected, although the amount was not yet firm.

Mr. Acheson said that we had also considered where we should go in the defense of Europe. He said that the Joint Chiefs of Staff felt that we should defend Europe as far east as possible. In this connection, Mr. Acheson said that we had considered the possibility of German assistance. He said that we did not see why we should defend Germany without getting some help from them. We realize only too well that we must not recreate a German national army which would be independent and a powerful separate force. He said that we would think that Germany might contribute units to a European army with the units supplied from the outside so that they could not function alone and separately.

Mr. Schuman asked if we expected this plan to be immediately executed. He pointed out the necessity for creating the European army before we could bring in the German units.

Mr. Acheson agreed that a reasonable time would be necessary to put the plan in operation. He said that the staff would have to be created and that more US troops would be in Europe and that the new French divisions would probably be in existence. He also said that it would take time to get the units together and to arm them, particularly since other countries would have to be given priority.

Mr. Acheson said that we saw a period of great danger in a couple of years and did not want to put off these decisions which seemed so essential. He said that he realized that Mr. Schuman would probably be unable to do much more than discuss the matter today. Mr. Schuman said he was not opposed to such a plan but due to public opinion and the French Parliament, publicity should not be given to the plan too soon. He said that if French agreement was given, it could not be made public for some time. He referred to the traditional French position on this problem and to the psychological difficulty it presented for the French. He said that any discussion on this matter which would become public soon would be very bad.

Mr. Acheson said that we would have to think this through. He said that we believed the next few months will be critical in Germany and thought that a statement might be desirable. He said that if we can say that we are taking steps which will result in our defending all of Western Europe, it will be very helpful in the next critical months in Germany. Mr. Schuman said that a statement that we will defend Western Europe was not a serious problem, but that the difficulty was in associating Germany with this effort. He said that the High Commission had made a statement on August 31 [3] which he thought the Ministers could repeat. Mr. Schuman said further that a minority in

[3] Reported in telegram 1864 from Frankfort, September 1, scheduled for publication in volume IV.

France appreciates the importance of Germany in Western defense, but that this is a distinct minority. He said it would be easier to sell in France if the Combined Staff, the Supreme Commander, etc. were in existence and NATO action complete on these matters.

The Secretary said that we must find some solution to this problem. Mr. Schuman said that the creation of a police force would be even more difficult for them. He said this would also present difficulties for the Belgians and the Dutch. The Secretary said we were opposed to the creation of the "Bereitschaften" idea. Mr. Schuman closed the discussion of this subject by urging again that the Ministers not speak out too early on the problem.

[Here follows a closing paragraph on the subject of Indochina.]

740.5/9–1250

The Chairman of the North Atlantic Council Defense Committee (Johnson) to the Chairman of the North Atlantic Council (Acheson)

TOP SECRET [WASHINGTON,] 12 September 1950.

DCM–24–50

DEAR MR. CHAIRMAN: I am in receipt of a letter from the Chairman of the North Atlantic Council Deputies, dated September 1, 1950, forwarding the replies to Council Deputies' Document D–D/18 (Revised), as regards proposed increases in military forces readily available by 1 July 1951, for the defense of the North Atlantic Area. I agree with the Deputies that a military analysis as to the adequacy of the forces indicated in these replies should be initiated. I have to inform you that a quantitative analysis must await the consideration of the Military Committee meeting in October. Additional military reports are forthcoming which will permit a more detailed consideration of these proposals.

In view of the present stage of preparation of annual budgetary estimates by the majority of the North Atlantic Treaty governments, I desire to make certain recommendations which are concurred in by the Standing Group. Due to the shortness of time it is, of course, not practicable to consult on these proposals with my fellow members of the Defense Committee.

The demobilization of forces undertaken by the Western Democratic Allies after cessation of hostilities in World War II drastically reduced the defenses of all North Atlantic Treaty countries. For the last five years there has been no significant increase in the numerical strength of the armed forces of the North Atlantic governments. It is my personal opinion that such a course of action was consistent

with our desire for peace and return to normalcy. However, those times are past. You are well aware of the present situation. Since the inauguration of the North Atlantic Treaty we have given much attention to the agreed need for increasing forces but so far little in the way of concrete results in the provision of these forces has been achieved. Viewed in this light the individual proposals by the various nations to an increase in their forces, to be achieved by 1st July, 1951, are most welcome as representing the first united positive step towards meeting the threatening situation.

The Military is now studying the final level of forces needed for an adequate defense of the North Atlantic Area. Based on this study it can then be said precisely whether these force increases may be considered adequate in the sense of being a sufficient step to a final goal. However, if these proposals are backed by the realistic determination of each government to create such forces, I would recommend that we accept these force increases with satisfaction as a forward step in the immediate improvement of our defenses.

It is not within the powers of the military establishments of each country to create these forces unless provisions are made by governments for the men, munitions and monies required. For each country's listed increases there must be a corresponding action to man, equip and train these units. In the near future the Defense Committee will make specific recommendations for the creation of balanced and collective forces, for the arms that must be produced to provide them with the most modern weapons, for the finances that must be provided to equip and maintain these forces, and for the welding of these units into an integrated fighting force, although realizing that this will result in national sacrifices. Nevertheless the Standing Group would emphasize the urgent need that each country should proceed forthwith to fulfill its planned increases by July 1951 with the sure knowledge that its efforts will constitute a useful contribution towards the final requirement.

I recommend also that the Council take note of the forthcoming Defense and Military Committee meetings in October. I request that the Council recommend to governments that their representatives reach agreement at these meetings as to the planned major force levels to be achieved each year to meet the needs of adequate defense. We must reach such agreement at once without waiting for specific consideration of the financial capabilities necessary to implement the Medium Term Defense Plan. We must have a definite military recommendation as to what is needed in order that each government may move toward an agreed goal.

LOUIS JOHNSON

740 5/9–1250

The Chairman of the North Atlantic Council Defense Committee (Johnson) to the Chairman of the North Atlantic Council (Acheson)

TOP SECRET [WASHINGTON,] 12 September 1950.

DEAR MR. CHAIRMAN: I am in receipt of a letter from the Chairman of the Council Deputies, 2 September 1950, concerning Deputies Document D–D/62 (Final). This document refers to the memorandum of August 17, 1950, by the French Government, with regard to certain questions on the implementation of the North Atlantic Treaty defense plans. The Chairman requested preliminary recommendations on this paper be made available to you at the September 15th Council session.

I wish to inform you that there are a number of recommendations forthcoming on the implementation of defense planning, and putting agreed plans into effect. I therefore believe that, in the interest of clarity, that the Deputies' resolution should be referred to the Military and Defense Committees as a whole. I am therefore requesting the Chairman of the Standing Group to take action to permit these discussions at the forthcoming October meetings.

Until this is done I believe that any preliminary recommendations would not serve a useful purpose.

Sincerely yours, LOUIS JOHNSON

740.5/9–1250

The Secretary of Defense (Johnson) to the Secretary of State [1]

TOP SECRET WASHINGTON, September 12, 1950.

DEAR MR. SECRETARY: I am forwarding herewith an expression of US policy and intentions with respect to Western Europe prepared by the Joint Chiefs of Staff, in which I fully concur.

As you know, the President, after consideration of the views of the National Security Council and the Acting Secretary of the Treasury, has approved our joint letter to him of 8 September 1950. This action has been circulated as NSC 82, "US Policy Regarding Strengthening the Defense of Europe and the Nature of Germany's Contribution Thereto." [2] It is my belief that this approval of NSC 82 constitutes approval of the principles set forth in the attached document.

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[1] This letter and the enclosed paper prepared by the Joint Chiefs of Staff were circulated to the National Security Council and the Secretary of the Treasury under cover of a brief explanatory note by Council Executive Secretary Lay as document NSC 82/1, September 13, Report to the National Security Council by the Secretary of Defense on U.S. Policy and Intentions With Respect to Western Europe (S/S–NSC Files, Lot 63 D 351, NSC 82 Series).

[2] *Ante*, p. 273.

I believe that the presentation of these views at your September 15th Council meeting [3] could have a profound effect on the Council and thereby on the other governments signatory to the Treaty. I therefore strongly recommend that, if you concur, the enclosed paper be presented as a US view in connection with the most important matter of the voluntary increase in defense forces by the European nations.

I am requesting the Executive Secretary of the National Security Council to circulate this paper for the information of the Council in connection with their approval of NSC 82.

Sincerely yours, LOUIS JOHNSON

[Enclosure]

Paper Prepared by the Joint Chiefs of Staff [4]

TOP SECRET [WASHINGTON, undated.]

UNITED STATES VIEWS ON MEASURES FOR THE DEFENSE OF WESTERN EUROPE

1. The United States Government has given a great deal of consideration to the problem of the defense of Western Europe and to the extent of United States participation therein. It has been readily apparent that this defense can be successfully accomplished only as a combined undertaking. Western Europe cannot by itself in the near future, raise, equip, and maintain the requisite forces to insure this defense; neither can U.S. assistance in the form of forces, equipment or dollars turn the scales without the all-out, honest efforts of all the nations of Western Europe.

2. The United States is concerned over the scale and vigor of the efforts of the nations of Western Europe towards the guarantee of their own security. The importance of Western Europe to the over-all defense of the North Atlantic Treaty area is recognized and emphatically reaffirmed. However, the extent of U.S. preoccupation with and participation in the defense of Western Europe cannot and should

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[3] Regarding Secretary Acheson's expression of United States policy at the fifth session of the North Atlantic Council, September 15, see telegram Secto 17, September 16, p. 308, and telegram Secto 22, September 17, p. 316.

[4] In a memorandum of September 17 to Acting Secretary of State Webb, not printed, Ambassador at Large Jessup observed that this paper was to be brought before the National Security Council meeting scheduled for September 21. Jessup recommended that the views expressed herein be acknowledged as in general accord with NSC 82. As far as the presentation of these views to the North Atlantic Council was concerned, Jessup recommended that Webb briefly state to the National Security Council that the exact manner of presentation of United State views must necessarily be left to Secretary of State. (S/S–NSC Files, Lot 63 D 351, NSC 82 Series)

not serve to decrease the efforts of the Western European nations themselves whose very existence is dependent on the success of this defense.

3. Reduced to essentials, the problem resolves itself into a need for increased effort on the part of all the nations signatory to the North Atlantic Treaty. The United States Government wishes therefore, to enunciate and affirm the following principles:

a. Support of the defense of the North Atlantic Treaty area is the primary military commitment of the United States.

b. The defense of Western Europe is recognized as being of the greatest importance to the defense of the treaty area in general and to the ultimate security of each of the signators in particular.

4. In concrete implementation of the above principles, the United States Government desires to express the following statements of policies and intentions over and above those measures previously contemplated or effected by the United States:

a. We are planning to augment the U.S. forces in Europe at the earliest practicable date. Our planning now envisages over-all U.S. forces in Europe on the order of 4 infantry and the equivalent of 1½ armored divisions and 8 tactical air groups, and appropriate naval forces, to be in place and combat ready as expeditiously as possible.

b. In addition to the above, it is the intention that the United States dispatch to Europe on the outbreak of hostilities, further forces, the size and composition of which will be discussed on the Chiefs of Staff level.

5. It is contemplated that the initial allocation of the above discussed forces will be to the general area of the Western European Region. This is in the expectation that that region will face the main effort of the enemy and with the recognition that that region, centrally located, is best suited to permit the rapid reinforcement of either the Northern or Southern regions. In other words, the United States Government, while originally allocating these forces to the area of the Western European Region, intends that they should be employed to the best interests of NATO as a whole and does not intend to restrict their utilization to any one area.

6. In addition to the above commitments with respect to forces, the United States Government recognizes the need for developing arrangements for operational planning, command and coordination of training. We stand ready to take part in discussions on these matters and to participate in any arrangements for their solution.

7. The foregoing statement has been made as a clarification of the position of the United States Government with respect to the defense of Western Europe. It plans to commit the forces discussed herein in expectation that they will be met with similar efforts on the part

of the other nations involved. It is now squarely up to the European signatories to provide the balance of the forces required for the initial defense. Firm programs for the development of such forces represent a prerequisite for the fulfillment of the above commitments on the part of the United States.

740.5/9–1450

Minutes of a Private Conference of the French, British, and United States Foreign Ministers and Their High Commissioners for Germany [1]

TOP SECRET

NEW YORK, September 14, 1950.

Present: Mr. Robert Schuman
Mr. François-Poncet [2]
Mr. Bourbon-Busset
Mr. Bevin
Sir Ivan Kirkpatrick
Mr. Barclay [3]
Mr. Acheson
Mr. McCloy
Mr. Battle

Mr. Acheson opened the meeting by saying that he wanted to get away from looking at words and papers and run over with the Ministers the main ideas which he had been trying to express. He said that at the meeting last May both Mr. Bevin and Mr. Schuman had spoken very earnestly on the need for reaching a decision regarding the defense of Western Europe. They had put forth the thought that Western Europe must be defended from the start and had stressed the importance of the US in putting off its decision on what it would do for several years while the British and French bore the brunt. Both has pointed out that in any future war this would not work. They had stressed that if Europe were to be defended from the beginning of any new war, the forces must be there and do the job. The Secretary said that he had been impressed with these ideas and had gotten to work on them with great vigor. He said that he felt tremendous strides had been made in the US and that we had now decided that we would participate with the French and British in the defense of Western Europe from the start.

In going over the matter to determine what was necessary, we had concluded that what we wanted was to preserve peace and not have a

[1] September 14, 10:30 a. m. The minutes were prepared by Mr. Battle.
[2] André François-Poncet, French High Commissioner for Germany.
[3] Roderick E. Barclay, Private Secretary to the British Secretary of State.

war come upon us. If it should come, however, we felt that we must be successful in it. Involved in this was the decision as to where our defense should take place. We have decided that we feel that it should be made as far east as possible. The US then considered the minimum forces required and concluded that without some German participation the simple arithmetic would not work out. We felt that we had no hope of doing the job successfully without German participation.

The Secretary went on to say that we had considered the time element was an important factor. We felt that in order to preserve the peace, we must move forward as a matter of highest urgency. He said that we felt that this was important to prevent a spirit of defeatism in Germany and elsewhere. He said that he hoped we would be able to begin now and within 18 months to two years have an effective force in being in Europe.

The Secretary then said that the US felt that we should get started immediately and on something with real promise. He said that we must come to certain conclusions.

First, those nations which were not on the European continent must realize that they must increase their forces there, with timing and numbers to be worked out as soon as possible. He said that US forces would be greatly strengthened and this would be done promptly.

Second, he said that we should all agree on the principle of a compact, integrated and centrally directed force, which required committing some of all of our forces to the defense of Europe.

Third, at the appropriate time a Supreme Commander would be appointed, but we must get the plan set up and decide on what form the army would take and other questions, such as whether the Germans will go in.

Fourth, in regard to supply, the US will go into some organization to direct the European supply and production effort. He said we realize that assistance from the US will be necessary. The Secretary then said that these were the main ideas which he wished to discuss in order that the Foreign Ministers might plan an approach to the North Atlantic Council and decide what we say there as well as to the public.

Mr. Bevin suggested going through the points one at a time.

Mr. Acheson said that he thought we were all pretty well agreed on the integrated force. There was unanimous agreement on this point.

The Secretary then said that contributions of forces must be made if the European force was to exist. He said we should make these contributions in the near future and identify them. In this matter

the standing group would be of great help. It was agreed that such forces would have to be contributed at an appropriate time.

Mr. Acheson asked if all agreed that there should be a Supreme Commander, which he said was inherent in the concept of an integrated force. There was no disagreement registered, although Mr. Bevin made a comment to the effect that he might be able to agree on the exact nature of the command set-up but would have to see.

It was generally agreed to set up some kind of group of people to supervise the supply and production efforts. It was also agreed that financing was a vital part of this problem. Mr. Acheson said that it was basic to this consideration that there be some financial assistance from the US.

Mr. Schuman then spoke on the financial problem. He said that he was in agreement on recognizing the importance of the decision of common participation and the importance of getting together details as to what was needed, etc. He said that he was pleased that the program would take place in stages along the lines that Mr. Acheson had suggested in previous meetings. He said that he was in complete agreement that the high priority production program should come first. He then said that it would be helpful to know exactly what help could be expected under the medium term plan. He pointed out that he should know by November when his budget would be prepared since the French fiscal year begins in January.

The Secretary said it was not really possible for the US to say that we would give a certain amount to France and a certain amount to the British, etc. He said that our approach was to first determine the magnitude and then see the difficulties which would come to our friends in carrying out the program. He said we would try to see that no trouble comes to the UK or to France economically which would prevent the attainment of the purpose on which we are engaged. He said when our people could see what was necessary and could show what would befall France and the UK if it undertook programs of the magnitude decided, we could then know what the real difficulties were and we would see what we could do about it.

Mr. Schuman then said that he understood the US needed additional details. The Secretary said that this was true and he thought the sound way to go at it was for the finance people of the two countries to have preliminary discussions in an effort to identify the problem. He urged that the conversations take place as soon as possible.

Mr. Bevin said that the UK got in a "tangle" as between their economy and their war effort. He said that maintenance of the economy was basic to the war effort. He said he appreciated very much the basis on which Mr. Acheson was approaching the matter. He then

said that he assumed there would also be bilateral discussions on the problem, which he thought would keep the thing from getting too complex. The Secretary agreed that simplicity and speed should be the keynote.

Mr. Acheson then asked where we stood on Germany. Mr. Schuman replied to the effect that the question of Germany was largely one of manpower since it is agreed that she cannot produce arms. He said that France was ready to permit some indirect participation in the manufacture of certain items (steel and non-end items). He said that matériel was not available in unlimited quantities and that the French believed such as exists should be given to the "Allies" on a priority basis. He said that the French felt that matériel and equipment were first considerations and manpower considerations were secondary. He said he did not feel the question of mobilizing manpower should be considered until the matériel question was dealt with. In Mr. Schuman's opinion, we should avoid trying to use German manpower too early. We should choose the time carefully before speaking of German units. He said that we should not give the Russians a chance to interpret such a move as aggravating an international situation. He said that only when our strength was such that we could stop any moves which the Russians might take should we discuss the German units question. He said that public opinion might react against us and result in lost ground. He also mentioned Parliamentary difficulties which might develop.

Mr. Schuman referred to the question raised by Mr. Acheson of the effect on German public opinion if Germany were not included. He said that he felt the best way to keep down a spirit of defeatism was to build up strength of the force to a point that Germany would want to go in with us. He said he considered it premature to consider the decision on German units until the NATO was in effect and the main strength had been reached by the powers.

Mr. Schuman then said that he had asked for authorization from his Government to agree to German participation at the proper time. He said that he could not agree even in principle until he received his instructions, although he hoped to have instructions within a few days. He also mentioned the difficulties he would have in agreeing to any amendment of the decision even if he were authorized to agree with the Ministers.

Mr. Schuman then said that he did not feel we should be put in a position of asking the Germans for something. He said that German public opinion must be prepared for its participation in the European defense force effort. He said that if we ask them they will try to bargain. He did not believe that there was a majority in Germany

who wanted to participate in defense efforts. He also did not think it likely that there would be such a majority until Western strength was built up.

He said that he felt we were taking some action in agreeing to the substantial increase in the German police. He also said that there were labor units which could be given a military or para-military character. He added that he thought we might consider getting no national units in volumes. He thought each of these steps might be taken before we considered the major question of German participation in a defense force.

Mr. Bevin said he was unable to give any definite answer now. He said that his Government had not made any decision on the question of German units, although he had encountered no formal objection to it in talks prior to the meeting. He also mentioned several difficulties which we would face in deciding to utilize German units, including his fear that we would possibly be giving Russia a reason for starting a war. He urged the creation of the police force and mentioned the similar force which the Russians have started in Eastern Germany. He said he hoped we could settle the police thing without ruling out the question of German units.

In reply, Mr. Acheson said he agreed with much of what Mr. Schuman had said. He agreed that we must be careful in our approach to the Germans and should consider carefully the question of timing and public opinion. He said that he realized neither Mr. Bevin nor Mr. Schuman could take a decision at the moment, but thought it useful to consider some of Mr. Schuman's points. First, he mentioned the manpower question in relation to matériel. With regard to production, he said it usually started slowly and became accelerated over a period of time, and finally came out in a flood. He said it was not a good concept to wait until we had plenty of equipment before dealing with the manpower problem. He said he thought we might reach the full production level in 18 months to 24 months. He suggested training a small force which could be expanded at a later date to a larger force so as to have men in a state of preparedness to receive the matériel.

Mr. Acheson agreed that we would not want to give the USSR cause to do something they would not otherwise do. He pointed out that Mr. Schuman had said that only when our strength was sufficient to prevent action by the USSR should we take up the German problem.

He said that we are starting now from nothing and the line representing our strength will go up. The USSR is aware of this and the question that they face is whether to let us have time to put them in position where they have no freedom of action. In so far as the USSR

starting a preventive war, they are deterred now by the fear of atomic bombing. Another line on the chart would show the effort they make to protect themselves from atomic attack. When our strength line and the line of USSR on atomic bombing cross is the great danger period so far as conflict is concerned. The creation of the German army has little bearing on the matter. It does not really matter to the Russians whether we are building up strength by the creation of a German force or by other means. This is not the real question.

An important element in regard to German public opinion is whether the Germans can participate in the building up of Western strength. If Germany asks to participate, it would be very difficult if the High Commission were not in a position to reply. When we consider the things which Mr. Schuman says we can do now, we cannot be certain that any of them will handle the possibility of external aggression. The police would be important, but whether they be federal or not they would not be able to deal with external aggression. The labor units are also important, but are not the answer to the problem. The Secretary said that he doubted that national units would be well received, or whether we would be successful in recruiting many of them.

Mr. Acheson said that in addition to the time it would take any country to train troops, the problem in Germany involved an even greater period since Germany had no ministry, no list of persons who are draft age, no records of any kind and no organization on which an army could be built. He said that before one German could be called, many months would be required. He then said that the Russians had created a force in East Germany of 50 thousand people which by spring would be 150 thousand. He said this should stimulate us into action of some sort. He said also that we must get the Germans in a position where they are actively doing something for their own defense if we are to guide German opinion effectively.

Mr. Bevin said he wanted to give an answer but could not at the present time. Mr. Acheson replied that we must consider what we say to the NATO powers and to Adenauer.

Mr. McCloy mentioned that Chancellor Adenauer had asked to participate in a German Army.

Mr. Schuman said we must have the European army first before we could reply to Chancellor Adenauer to the effect that we wanted German participation.

Mr. Acheson said we could decide now on German participation without getting it into effect for some time. He suggested we might say to Adenauer at the end of these meetings that we had taken up

action to put the force in existence, that we realized it would take him a long time to move very far and suggest that the Germans got to work on the establishment of units. By 1951 we would hope to have a good force in being.

Mr. Schuman said that an announcement now of the decision on this matter would cause the gravest difficulty in France. He mentioned the possibility that our High Commission continue preliminary discussions with Adenauer in preparation for action, but said that it was not possible to communicate to Adenauer an action decision of the NATO powers. He said that the final decision belonged with the Atlantic powers and that while the three Ministers representing occupation powers could authorize certain things, the final voice belonging to the NAT powers.

Mr. Acheson said the public opinion aspect depended a great deal on how the matter is handled. The US believes that an attempt to defend Western Europe without German participation was impossible. He said that it was important in this country not to give the impression that we are attempting the impossible. We suggested we consider whether it could be developed along the lines that we were not doing anything for the Germans but were letting them do something for us.

Mr. Schuman said that French public opinion would not accept the rearmament of Germany when France itself was not armed. It would not accept such an arrangement until the first effect of our rearmament program was seen and felt. He thought that the French Parliament would reverse any decision which might be made now to move ahead with German rearmament. He added that he might be willing to take upon himself the authority for authorizing very preliminary negotiations by the High Commission with Chancellor Adenauer.

The Secretary said that he had never suggested Germany be rearmed while France was not armed. He said we could present the matter to our people to the effect that the German effort would follow other developments. He said he thought it important that we agree to accept the basic principle of the program and agree to keep German rearmament lagging behind that of the other powers.

Mr. Schuman said that he understood this reasoning but thought it impossible to come to a decision without having it leak to the press. This would in France be interpreted as an irrevocable decision which would result in German units receiving materials which France itself needed and France would be on the same footing as Germany. He

said that if the decision on principle could be made but not given out for six months or so he might be able to take a definite view, but he did not believe this was possible.

Mr. Acheson said this depended in some measure on what the decision in principle was. He said it might be to the effect that units were to be trained and called but armed only after other things were done.

Mr. Schuman said he had proposed a conditional decision to his Government and hoped to have the answer by Monday. He said that he had read that the Benelux countries favored rearming and he thought that such a stand on the part of the allies in Europe would help solve the French problem.

Mr. Bevin said that he was not in favor of rearming Germany until we are sure of our own strength. He said he thought the situation was now changing so that we would have an effective European force and well organized command and that he saw the matter very differently from the way he would have seen it some months ago. Mr. Poncet said that the High Commission wanted guidance on how to direct German public opinion.

In closing, Mr. Acheson said that the three powers were in great difficulty here. He asked whether we are to get out a comprehensive communiqué at the close of the meeting. He said that all he believed we could say at present was that we had had a useful "go round" and wanted to discuss the problems further with our NAT colleagues. A communiqué of the NAT Council could then come out on Monday. He said that if we had the Foreign Ministers and the NAT meetings and could not say one word about Germany participation it would be a most embarrassing situation. He suggested announcing the formation of the force with some line to the effect that the Council had considered a communication from Adenauer to the effect that the Germans would cooperate in the force and add that the plan comprehended participation of this sort. Mr. Schuman said he would think this over and would not reject it as being impossible.

Mr. Schuman asked whether we could simply give out the fact that the problem was being discussed so that public opinion could be acquainted with the problem without giving it out as a *fait accompli*. The Secretary replied that this was not enough in his opinion since the fact that the question was under consideration had been known for many months. He repeated his suggestion for the final communiqué in which a reference would be made to Chancellor Adenauer's willingness to proceed and suggested a statement to the effect that this was contemplated by the plan but that further consideration was necessary

with the German Government. He thought some hopeful note of this sort was essential.

740.5/9–1450 : Telegram

The Secretary of State to the President

TOP SECRET NIACT NEW YORK, September 14, 1950—10 : 32 a. m.

Secto 8. Personal for the President from Acheson. In discussions held during first two days [1] Mr. Bevin, Mr. Schuman and I have reviewed the general question of establishment of forces for defense of Europe, possible role of Germany in connection with these forces and reaction of German public opinion, some other technical problems with reference to Germany and the question of admitting Greece and Turkey to the NATO. I have reviewed in detail privately and together with both Ministers the views of the US Government with respect to the establishment of the defense forces, pointing out the great significance of your decision to commit US troops to defense of Western Europe and our feeling that this decision was dependent upon establishment of total collective forces adequate to the task of this defense.

Both Mr. Bevin and Mr. Schuman have expressed their deep gratification over this decision but do not seem to me to have yet grasped its full significance and implications. The major issue which has arisen so far has concerned the utilization of German units in these forces for the defense of Europe. Mr. Schuman has expressed the very strong and firm opposition of his government to any decision which would provide for the recreation of purely German military units. He is apparently under firm instructions on this point, and intimated that no French Government could face the French Assembly or French public opinion with the proposition of reestablishing at this time German units which might in any way build the framework for the possible recreation of a German army. Mr. Bevin did not support our position, but he did not at least oppose it, and his questions served to bring out very clearly and sharply the issues which we have raised. There are intimations that the British will be willing to go along, and we are meeting privately this morning in an effort to find some formula which the French can accept. I think Mr. Schuman personally wishes to help devise such a formula. I believe we are about

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[1] On September 12 and 14, Acheson, Bevin, and Schuman met together to discuss NATO and other matters. For documentation on these tripartite talks, which included a third meeting on September 18, see pp. 1191 ff.

to reach a satisfactory solution of the issue concerning a central German police force.

Mr. Bevin has challenged our thinking most directly on the question of appointment of a supreme commander for the proposed new forces. He feels that it is essential to establish the supreme command relationship immediately in order to give firm and strong direction to the early steps of this force. He seems to want us to contribute a supreme commander as a stimulus to European action, instead of accepting our view that they must first demonstrate their capacity and willingness to act. Mr. Schuman agrees with Bevin that the recent experience of the Brussels Pact countries under a combined staff has not been happy, but he agrees with us that it is not desirable or necessary to appoint a supreme commander until there are forces in being. We may finally have to agree to recommend to the NAT Council that this question be referred to the Defense Ministers for their recommendation as to the best manner in which to handle this from a military standpoint, which they will be asked to review on an urgent basis along with questions of the organization and composition of the proposed forces. We expect to state this in such a way as not to compromise our position.

The US proposal turning down the Turkish request for admission to the NATO was accepted by the Ministers but only after Mr. Bevin had urged that this might better be handled by a reaffirmation of the French and British treaty with Turkey and a strong declaration by the US in support of that country. I pointed out that we already have heavy commitments in proportion to our military strength, and that while we could undoubtedly meet aggression in Turkey as we would in any other part of the world, we could not at this time undertake a further commitment. We did desire, however, that both Turkey and Greece be allowed to associate themselves with the planning activities of the NATO in the Mediterranean area.

On the other questions concerning Germany and the NATO satisfactory progress has been made in our discussions so far, though the rate has been so slow that meetings will probably be held on next Monday before the opening of the General Assembly and perhaps occasional meetings after that to firm up our planning on the forces for European defense.

We will start this morning our discussion of Far Eastern questions but I told Mr. Bevin and Mr. Schuman privately yesterday our position on a Japanese peace treaty.

Mr. Bevin since his recent illness has not recovered his old vigor and this factor has slowed up our proceedings.

ACHESON

740.5/9–1450

Memorandum of Conversation, by the Assistant to the Secretary of State (Battle)

SECRET New York, September 14, 1950.

Participants: The Secretary
Foreign Minister Stikker of the Netherlands
Foreign Minister Pearson of Canada
Foreign Minister Lange of Norway
Mr. Battle

Mr. Stikker opened the conversation [1] by saying that he had been greatly concerned at reports in the paper that morning to the effect that the Foreign Ministers of the US, UK, and France had reached very basic decisions regarding European armament and German participation in European defense without any regard to the rest of the North Atlantic Council. He also expressed concern over the decision of the three on the question of the admission of Turkey to the North Atlantic Pact.

Mr. Acheson discussed briefly with him the position which the US has taken on the associate membership of Turkey and explained to him that this would be coming up in the Council meeting.

Mr. Stikker said he had no quarrel with the decision of the three but objected to the way this and other vital matters affecting Europe were dealt with by the Big Three without regard to the Council.

Mr. Acheson said that there was nothing sacred about the Big Three meeting prior to the Council. He said that he did feel it was essential the meetings take place at the same time but would be very glad to have the Big Three meet after the Council meeting. He said that if Mr. Stikker made a suggestion of this nature in the Council meeting, he would be glad to go along with it.

Mr. Acheson then dealt with the question of the force for the defense of Europe and German participation in that force. He explained to the three Ministers that the Big Three had not reached decisions on these matters, and, in fact, were very far from reaching agreement. He outlined in some detail the position of the US on the question of integrated forces, combined staff, German participation, etc. He expressed the hope that he would get support from the other Ministers present and urged that a complete and thorough discussion of the problems take place in the Council. He said that he hoped no one would "pull any punches".

Mr. Stikker indicated that he agreed thoroughly with the Secretary's position. Mr. Lange indicated hesitant concurrence with most

[1] September 14, 8: 45 p. m.

of Mr. Acheson's points, but appeared to have great doubt as to the timing of any participation by Germany in the defense program. Mr. Pearson said that his Government was prepared to support Mr. Mr. Acheson's stand.

All three of the Ministers appeared to discuss frankly and openly their feelings on these problems. They thanked Mr. Acheson for the interview which they said had been most helpful.

740.5/9–1450

Memorandum of Conversation, by Mr. Elim O'Shaughnessy of the Office of Western European Affairs [1]

CONFIDENTIAL NEW YORK, September 14, 1950.

Participants: The Secretary
Prof. Paulo Cunha, Portuguese Foreign Minister
The Portuguese Ambassador [2]
Mr. O'Shaughnessy

The Portuguese Foreign Minister called today at his urgent request. He said he wanted to bring up the question of the defense and the strategic importance of the Iberian Peninsula. He fully realized the impossibility from a political standpoint of attempting to include Spain in the Atlantic Pact but on the other hand he also believed that to leave Spain completely on its own as it was at present was also quite undesirable. A middle way might be to stock pile arms in Portugal for use by Spain when the emergency arose, the furnishing of anti-aircraft defense, the improvement of Spain's air fields, and in general to do what could be discreetly done to build up Spain's infrastructure in order to be able to make use of her territory in the event that a rear guard action became necessary. This would be preferable to leaving Spain in a comfortable situation of neutrality, as she was during the last war, which benefitted no one but herself. In this connection, he mentioned the somewhat similar problem of helping Turkey without including it in the Pact. The Secretary asked what the Spanish view of this was. Did they wish to cooperate and were they prepared to assume a fair share of the common burden? Mr. Cunha replied so far as he knew that Spaniards were undecided on this point. He added that he did not have a mandate from the Spanish Government to discuss this and was merely expressing his own views. Ambassador Fernandes said that the Spaniards were quite unprepared and therefore not in a good military posture. He said it would be

[1] Officer in Charge of French-Iberian Affairs.

[2] Luis Esteves Fernandes. He presented his credentials on June 23, succeeding Pedro T. Pereira.

very helpful if technical assistance and a stock pile of arms could be put at the disposal of Spain through Portugal. The Secretary remarked that the European allies wanted to complete their line of defense as far east as possible and that any move to arm Spain would be misinterpreted as meaning that we were preparing to fix our line of defense on the Pyrenees and this would have a deplorable effect on the people of Western Europe. Dr. Cunha agreed but pointed out that there were priorities among lines of defense and that while he recognized that the first line of defense should be as far east as possible provision should be made for a rear guard action. Mr. Cunha asked whether the Secretary saw any objection to his bringing up the problem of the defense of the Iberian Peninsula along the lines which he had mentioned with his colleagues at the NAT Council. The Secretary replied that it might be useful to examine the question but that, of course, there could be no question of coming to any conclusion.

The Secretary then said that speaking of the defense of Portugal we would like to discuss the form and the manner of agreements within NAT for the use of military facilities in the Azores. We consider that the most important contribution which Portugal can make to the NAT defense is the maintenance of these facilities. He said that the matter is one that we would be anxious to deal with now rather than at the time that the emergency arose when time would be lacking to make the necessary arrangements. Dr. Cunha replied that the Portuguese military were discussing the matter with our recently arrived military mission to Portugal. He believed that the problem was being examined more constructively and that progress would be made. He added that the arrival of our military mission had been most opportune and timely.

740.5/9–1550

Memorandum of a Private Meeting With Mr. Bevin, September 15, 1950, 2: 40 p. m., by the Assistant to the Secretary of State (Battle)

SECRET [NEW YORK, undated.]

Participants: The Secretary
Mr. Bevin
Sir Oliver Franks
Mr. Barclay
Mr. Battle

Mr. Bevin asked to see Mr. Acheson prior to the afternoon meeting of the North Atlantic Council. He said that he had been considering the difficult problem of Germany and had had many telegrams with

his Government in London. He said he felt he understood better now what was bothering his Government. He mentioned several things which he said were of great concern to them.

He said the UK political situation influenced the British stand to a large extent, although he realized that that was of no concern to the US. He said that Mr. Churchill had stirred everything up and had made it difficult for his Cabinet to act on the matter.

He said that the British did not want to put themselves in the position of coddling the Germans or of appealing to them for something they wanted. He said that the British felt strongly that the development of an effective police force was the first step to take. He then said he had received messages from his Government which indicated that the UK was agreeable to the principle of German participation. He said that he felt the next stage was to discuss the matter with the Germans. He stressed the need for a lapse of time before the decision was put into effect. He handed Mr. Acheson copies of the two messages, which are attached.[1]

Mr. Acheson said that he considered these messages encouraging. He then said that the US was not anxious to get action on part of the package without going through with the entire program. Mr. Acheson said that he thought it would be a good idea for the Council to debate the matter fully and said that he was concerned lest members of the Council were dodging the issue and failing to discuss it frankly.

Mr. Acheson continued to the effect that any action the Council took officially was likely to be in rather vague terms. He said that he felt that this action must be against a background of thorough discussion, or the very vagueness of the Council action would make the action practically pointless. He urged that they all thoroughly understand the problem. He mentioned again the urgency with which the US viewed the problem and said that the US had had the greatest difficulty in moving ahead to the point that we had reached, where we were able to discuss what we had felt the European countries wanted to discuss. He said that, while we were very hopeful of going through with the program, we could not put US troops in a hopeless venture where they would be lost in the first few weeks, and that we must have an army of sufficient size and strength to do the job. He said we were convinced we could do this only with German participation.

Mr. Acheson said that he had told Washington that there were limits to what the British and French appeared to be able to agree to. He said that he hoped that we could get agreement in principle

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[1] One of these messages is printed as an enclosure, below. The other is apparently the attachment to that message and has not been found in the Department of State files.

to German participation and to his idea of phrasing it as a reply to Adenauer's offer. He mentioned again, as he had done several times, the length of time which would be required for Germany to reach a stage where it could begin actually mobilizing units. He said he thought it would be at least 18 months before Germany could get the first person armed.

Later in the afternoon Mr. Jessup discussed with Sir Oliver Franks the papers which Mr. Acheson had been given by Mr. Bevin. Mr. Jessup reported that Sir Oliver had told him that "the exact words were not insisted on; the ideas and their order were."

[Enclosure] [2]

We suggest that our objectives should be to reach agreement on the following programme.

In the light of the declared intention of the signatory Powers to resist aggression, the North Atlantic Council should:—

(1) Agree on the necessity for an integrated force for the defence of the West;

(2) Agree that the member countries should immediately start on the build-up of the integrated force to the best of their ability;

(3) Agree on the necessity of a central command organization.

(We hope that it will be possible to carry a resolution in the Council providing for a Supreme Commander, who will be appointed as soon as sufficient forces are contained within the integrated force, and providing as an immediate step for the appointment of a representative of the Supreme Commander to prepare the ground.)

As regards German participation, it seems doubtful whether a definite conclusion can be reached in the Atlantic Council this week. The attitude of His Majesty's Government is shown in the attached paper,[3] and it is hoped that a formula on Germany which will be satisfactory to the French can be worked out when the tripartite meetings are resumed next week.

The Cabinet agreed that the Foreign Secretary might be informed as follows.

1. His Majesty's Government were in general agreement to the acceptance in principle of German participation in Western defence on the lines and subject to the conditions indicated by Mr. Acheson. These were to the effect that the next stage should be exploration of the matter with the German Government and that in discussions

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[2] Message dated September 15 from the British Foreign Office to the U.K. Delegation in New York.

[3] See footnote 1 above.

with the Germans we should not adopt a negative attitude but should say that we were very ready to discuss what Germany could do. At the same time it should be understood that while a decision in principle must be taken now some time must elapse before it could be put into effect and material results could ensue from the talks with the Germans.

Importance was attached to the greatest practicable measure of French concurrence.

The first development should be the enlargement of the German *gendarmerie*.

2. In any statement in the Atlantic Council about German armed forces the subject should not be presented in such a way as to suggest that the Atlantic countries were wooing the Germans.

740.5/9–1650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET PRIORITY NEW YORK, September 16, 1950—2 : 18 a. m.

Secto 17. Summary first meeting, fifth session, North Atlantic Council, 10 : 30 a. m., September 15.

1. Adopted proposed agenda (Doc. C5–D/1).[1]

2. Received report of deputies [2] and raised following points: Norway stressed desirability for greater exchange of views among deputies on common political matters to give smaller countries better opportunity to formulate judgements. Portugal indicated adoption of HPPP should not preclude consideration of production program which Portugal might adopt in near future and assumed that financial arrangements proposed by deputies did not exclude bilateral arrangements for transfers. Italy felt examination of political questions by deputies should not jeopardize exchanges of view through regular diplomatic channels. Also suggested deputies public information program was delicate matter and should be handled by small competent staff and should not become "another UNESCO." France emphasized need for establishing permanent finance system to provide for MTP. Re information program, France stressed each country must tailor its program to national problems, and stressed implementation of information program as a national responsibility. Denmark echoed Italian and French views on information program.

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[1] North Atlantic Council document pertaining to the fifth session of the Council, not found in Department of State central or NATO Sub-Registry files.

[2] North Atlantic Council Document C5–D/2. This report did not call for action other than approval, which it received in the seventh meeting on September 26. A copy of the report is in the CFM Files, Lot M–88, Box 152, NATO September 1950 Meetings, Deputies–Ministers.

3. Secretary opened discussion of item 4[3] by stating action this item was key to future NATO. He solicited views of other members on this most important question. Netherlands opened by stressing need for defense line as far east in Germany as possible and raised both question of more troops in Europe (US, UK and Canada) or possible German participation in European defense. UK emphasized need for west to use maximum strength to avoid occupation and the necessity for military planners to know what forces they might expect in planning defense. French favored increased US, UK and Canadian forces in Europe but expressed reservations re arming of Germany. US closed session by emphasizing that alternatives suggested by Netherlands were not in fact alternatives and that both courses suggested by Netherlands would be necessary to build sufficient strength. In recessing for lunch Secretary stated his opinion in duty of all Council members to speak and with absolute frankness on this vital question.

4. Afternoon meeting reported in following telegram.

Department pass priority Brussels (pass to Luxembourg), Ottawa, Copenhagen, Paris (pass OSR), Rome, Hague, Oslo, Lisbon, London, Heidelberg for Handy, Department of Defense.

ACHESON

[3] The defense of Western Europe.

740.5/9–1650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET PRIORITY NEW YORK, September 16, 1950—2:19 a.m.

Secto 18. Summary, second meeting, fifth session, North Atlantic Council, 3 p.m., September 15.

1. Continued discussion agenda item 4 re defense WE.

2. Portugal stated that both increased troops in Europe and German participation in European defense desirable and stated that defense lines should be as far to east in Germany as possible but that realism dictated preparation of secondary lines of defense should initial battle go badly (no specific mention of Spain).

3. Norway stressed psychological and political problems involved in use of German manpower. Recognized possibility of utilizing German manpower but noted German reluctance to take part in defense of west, possible Soviet reaction to German participation, and adverse propaganda if Germans hastily taken into defense forces of west. Proposed NATO begin studying technical aspects of problem of utilizing German resources and manpower but would need to consult Norwegian Government before approving German participation and believed we should move cautiously.

4. Belgium urged defense line as far east in Germany as possible and German participation in own defense. In view possible adverse public reaction and danger rebirth German militarism, Germany should not be armed ahead of other pact countries. Favored increasing German police force, associating Germany with economic effort for defense and, provided margin of strength maintained in favor of NAT countries, participating in joint armed effort. Suggested planning take place on problem but stressed need for proceeding with caution.

5. Luxembourg also stressed psychological obstacles to hasty action re Germany and in general took same position as Belgium.

6. Denmark agreed with Norway and Belgium.

7. Italy stressed psychological advantage in pushing defense line east, and urged full cooperation in favor of German participation in common defense.

8. Canada favored principle of using Germany in European defense. Canada accepted principle of German manpower being appropriately used in defense of west.

9. UK emphasized need for public and parliamentary support before Germany could participate in European defense. Noted steps recently taken re term of conscription and urged early creation of central command for recruitment and training European forces. When this accomplished, German participation possible without adverse public reaction. Did not oppose participation in principle and would stand publicly by opinions when proper time came, but premature publicity could be disastrous. German police problem distinct from defense and UK favored building central police force to resist attack from Soviet zone or preserve law and order within Federal Republic. Solution police problem should not await solution of other problems.

10. After all nations wishing speak had stated views (only Iceland did not make statement) Secretary made full statement US position,[1] answering points re Germany raised during discussion and making clear US viewed decision on permitting German participation as essential part of over-all US program. US emphasized necessity agreeing in principle to these basic points during present session, said Council should not get lost in discussing details which could be worked out subsequently if we were clear on basic issues.

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[1] Extracts of his statement are printed in Secto 22, p. 316. The complete text was included in the full verbatim record of this second meeting but was circulated only for the personal information of the Ministers and their Deputies and did not constitute an official record. The statement, together with the complete records of the September North Atlantic Council meetings, is in the CFM Files, Lot M–88, Box 152, NATO September 1950 Meetings, Deputies–Ministers, and the Conference Files, Lot 59 D 95, CF's 38–42.

Secretary emphasized dire consequence of losing Germany to east and need for utmost speed. Noted US proposal to increase troops in Europe if European NAT countries do their part. Proposed creation central military organization, including appointment top command, to train and control component units of European forces. States willingness to reorganize Military Supply Board giving it power to develop centralized program for production and use of equipment. Noted US willingness make funds available to HPPP if countries will assume their share burden. Indicated consideration would be given to further financial cooperation by US if partner nations could convince US that they were doing everything possible for their defense and by additional aid could make substantially greater effort.

Stated basic decision favoring German participation did not involve creation German national army or German general staff. (Also pointed out German police were for internal security whereas basic question was development of strength to resist external aggression.) Stressed time lapse almost two years between induction of German troops and their completed training. Expressed view that decision to create German units should not really interfere with equipment of NATO countries, since during this initial period of equipment scarcity, German needs only training equipment. Noted allocation equipment remains outside German hands. Indicated that if steps initiated in near future to form German units such units would not be ready until after establishment European forces which could receive them as integral part. Discounted alleged provocation of Soviet Union by decision re German participation. Urged Council take basic decision favor German participation.

11. Next meeting scheduled 10:30 a. m., September 16.

Department pass priority Brussels (pass to Luxembourg), Ottawa, Copenhagen, Paris (pass OSR), Rome, The Hague, Olso, Lisbon, London, Heidelberg for Handy, Department of Defense.

ACHESON

740.5/9–1650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET PRIORITY NEW YORK, September 16, 1950—7:30 p. m.

Secto 20. For President and Acting Secretary. Summary third meeting North Atlantic Council, fifth session, 10:30 a. m., September 16:

1. Continued discussion item 4 of agenda.

2. Schuman opened with strong statement regarding participation German manpower in defense of West Europe, making usual points.

Stated we are asking for conscription Germans, not volunteers. Latter might be more acceptable. Cited German CDU Party statement participation German divisions premature. Does not believe German public opinion prepared accept. Also raised legal question whether German units can participate without adhering to NAT, which would require action by twelve parliaments. Stressed psychological obstacles. An announced decision here on principle would be to present peoples with *fait accompli*, and might be counterproductive to desired result. Suggest eastern European refugees might be among first to appear in German units and pointed out effect on eastern European peoples of USSR propaganda playing up theme that eastern European refugees will be the first line army of West. Agreed with Secretary's statement yesterday that strengthening defense itself involves risk provocation. However that risk must be accepted. This additional risk need not be.

Warned that military spirit could reawaken in Germany as after first war. Stated armed Germany would be more difficult to deal with on peace treaty. Germans more difficult deal with already since proposal became known, and they feel they can demand concessions. Discounted danger developing German neutralism. Germans admire strength in anyone and their attitude will be function our strength. Problem is evolutionary and must be taken in series of steps. Warned against going too fast.

Stated French Government not irrevocably opposed to German participation. However, must be strong NAT army before German units can be integrated and must be sufficient supplies in equipment pool for that army before giving to Germans. Warned that Germans, if units formed in two years and medium term defense plan equipment not provided for three years, would insist upon recreating own munitions industry. Wants wait till our strength at acceptable minimum, although not necessarily for completion full program. Asked why take spectacular decision now, involving grave danger in Germany and Russia. Referred to Secretary's statement yesterday and doubted would take eighteen months or two years to form and train German units. Cited police citizen lists, spirit of discipline and mass unemployed officer class.

Closed by stating did not want end on negative tone. Germany should contribute to defense Europe including Germany, but it can contribute by increase in police, providing steel and materials, strengthening labor units, and building fortified defense line in Germany. Requested we study problem and stated not opposed to talks with Germans. Does oppose immediate decision. Unavoidable publicity would be extremely dangerous. Probable that Germany will some

day join defense force. This should be when sure German contribution will enhance not endanger security. Can't be certain of that at this time.

3. Sforza (Italy) was emotionally moved by Schuman's eloquence and wished could agree. Maybe could agree if not faced by greatest danger ever in Europe and under threat universal destruction. Must forget past and face situation as it presents itself. Reaffirmed position taken yesterday.

4. Stikker (Netherlands) believed council had elements necessary reach certain decisions now. Pointed out German occupation as severe in Netherlands as in France and Belgium. However, if US proposal put before Dutch Parliament 80 percent would favor. A Government crisis is imminent in Netherlands partly because conviction European defense not sufficient and continent cannot alone defend itself. Western Union and NAT concepts right but defense only on paper. Have only two alternatives—US, UK, and Canadian troops in Europe, or use Germans.

5. Van Zeeland (Belgium) questioned whether differences so important. Have agreed on purposes. Agreed in principle Germany must be used in one way or another. Must see now what positive steps we can take. Agreed on German economic measures. Police can help military. Must now decide where lies our interest, what will be effect on total strength, and what practical studies to be made. Stated Acheson yesterday answered French fear of attempting equip Germany until military production ample and German units integrated into total force already in being. These points show gaps narrow and positive results have been accomplished. Have full agreement on magnitude of danger and maximum effort required. US yesterday made positive suggestions constituting "revolutionary change" in US policy. Must view problem in this new light. Should try state remaining issues more precisely.

6. Acheson summed up discussion. Are talking about whether or not, and how, add German strength to our own. We are all in together, fully sharing commitments. Must now work out sense of direction. Do we want to accomplish objective, reject, or not think about it? Asked not fight problem, but solve it. Stated can be solved. Pointed out he didn't say yesterday US proposal only way to solve. If there are other ways they should be considered. However it not constructive simply to criticize US proposal without making constructive suggestions.

Pointed out had stated difficulties yesterday. Repeated we agree integrated NAT force comes first but it is only part of problem to which Germany's contribution to West defense is linked. Russia has force in East Germany to which it is adding strength. Gap is colossal

between East and West forces. Not asking immediate specific decision but only that we all now agree on course. Hopes it will be possible do this.

Secretary pointed out all in agreement Germany must participate and some time council must take this step. We should reach agreement soon so strength in West could be increased by adding German strength in way that aided overall strength. Stated had no desire for spectacular action and wished reach conclusion not embarrassing to anyone. But cannot get anywhere if matter not faced up to. We will get in trouble if we do nothing, and while there will be difficulties if we decide to go ahead, important thing now is to get sense direction. If NAT agrees on that, progress can be made.

7. Bevin (UK) stated could neither add to nor subtract from yesterday's statement. Agreed should reach conclusion on sense direction. Need decision so planners can get on with work. Stated situation becoming very dangerous and we must decide on the course we will follow.

8. Meeting recessed at 12:55 until 3 p. m. at which time discussion item 4 to be continued.

Department pass Department Defense, Brussels (pass to Luxembourg), Ottawa, Copenhagen, Paris (pass OSR), Rome, The Hague, Oslo, Lisbon, London, Heidelberg for Handy.

ACHESON

740.5/9–1750 : Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET NIACT NEW YORK, September 17, 1950—1:05 a. m.

Secto 21. For Bruce. You are aware from cabled summaries of the impasse in the North Atlantic Council on the question of the participation of German units in the European Defense Force. All members of the Council except Schuman are we believe prepared to take an affirmative decision in principle now. Schuman is consequently under heavy pressure from all sides to accede but his instructions from Paris apparently permit him no latitude of any kind. Under the circumstances it has been suggested that Moch (and also Shinwell) come to this country on September 21 and Bevin and Schuman are cabling their governments to this end tonight.

We are well aware here of the practical political difficulties centering around the Socialist Party to which must be added Moch's personal and passionate feelings about the Germans, and realize that we were

[1] Transmitted from New York to the Acting Secretary of State as Secto 21, thence to Paris by unnumbered night action cable, September 17, 3:30 a. m.

not in a position to give the French Government much advance warning on the indivisibility in our minds between the creation of a European Defense Force with full US participation and the decision that German units shall participate in that force. Nothing could be further from our minds than the creation of a national German Army. We also fully recognize the importance of timing and the psychological importance of exactly what is said both as it affects France and Germany. On the other hand, the American people simply will not accept the commitments implied in our full participation in the EDF unless they are convinced that the resources and manpower of the countries, including Germany, which lie within the line to be defended by that force will be adequately utilized.

We feel that non-Communist French public opinion is, as a whole, prepared to accept now the principle of eventual participation of German units and that the difficulties are largely of a technical interparty nature. While this does not decrease them, it does show where further work has to be done, and we warmly welcome the opportunity which will be created by Moch's visit to impress on him personally the validity of our convictions of these various points.

Since it is vital that French acquiescence be obtained as soon as possible, and in any case to prepare Moch in advance with our point of view, we think it advisable that you seek an early interview with both him and Pleven and impress on them both the extreme gravity with which continued French unwillingness to concur in decision of the other 11 NATO governments will be viewed in official, Congressional and public opinion here.

As an aid to you we are cabling you [2] appropriate extracts from the Secretary's statement of September 15 to the Council as summarized in Secto 18 which explains quite well our position.

There are, of course, many details to be decided which are important in successfully carrying out the program—(*a*) from the European point of view, (*b*) from the German point of view, and (*c*) to avoid the hazards of German militarism. We have thought about these enough to be sure they can be worked out successfully.

We cannot well overemphasize the importance of this matter. A successful solution is vital to European morale, US morale, and above all to getting on with establishing effective defense promptly.

We must leave it to you as to how to present the situation most forcefully.

Department pass Paris.

ACHESON

[2] Secto 22, *infra*.

740.5/9–1750 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NIACT NEW YORK, September 17, 1950—1 : 06 a. m.

Secto 22. Re Secto 21. Following are extracts from Secretary's September 15 remarks. After introductory remarks and referring to locale of defense he said :

The defense must be as far to the east as possible. That means defense in Germany. If that is true, it seems to me to follow inevitably that the morale and the will to resist of the German people has become a major element in the whole defensive system of the west.

Surely, no one would be mad enough to advise that forces of our countries should undertake to fight in Germany in the midst of a population whose morale had been allowed to go to pieces, where defeatism and collaboration with the enemy were rampant. That would be surely an invitation to disaster. So the morale of the German people is a matter with which we are concerned, as we are concerned with the morale of the whole area which we have undertaken to defend. Really, it must appear to the Germans and to all of our people that the consequences of giving up Germany, either through lack of military effort to hold it, or lack of preparation which even allows us to begin to hold it, are far too serious to admit of any doubt. If we move out of Germany or are thrown out of Germany by an enemy, what happens is, first of all, that the consequences, to the North Atlantic countries are disastrous.

He continued: At our last meeting in London Mr. Bevin and Mr. Schuman and other Ministers made statements which were moving because they were simple and very true. They bore on this question of the will to resist and morale. They pointed out that a successful defense of Europe could not be organized unless it were clearly understood at the beginning that what we were forging was defense and not liberation. Those statements and the profound truth which lies behind them has made a very deep impression on our government. The Government of the United States has searched its intentions deeply in the months which have intervened and has come to decisions which I think can only be described as a complete revolution in American foreign policy and in the attitude of the American people. These conclusions I wish to lay before you—not as actions to be taken by us in isolation but as conclusions which are intended to fit into a comprehensive effort by all of us and as conclusions which hang together as part of a unified program. No one of these conclusions is practicable if put forward by itself. Taken together we believe they will lead to a program—if sufficient effort is put into it—which would deter aggression against any of us and repel it if it should occur.

The first of these proposals is one which the President has referred to publicly. That is that the US Government will, at the very earliest possible moment, place in Europe in addition to the forces which it has there now, very substantial bodies of troops. Those troops will go there, as I said, at the earliest practical moment.

In addition to that, it is ready to raise, identify and commit as reinforcements to those troops, to go whenever the need calls for them, additional bodies of troops.

This, of course, means that if there were troubles in Europe, the US would be involved in it from the very first moment and would be as deeply committed to the repulse of any attack as any member of the North Atlantic community.

That, I say, is a far-reaching conclusion for our government to make. In making it, of course, we must look to the next step and that is in connection with what other decisions about a force for the defense of Europe are made. The mere presence of a body of American troops in Europe is not going to solve the problem.

He then analyzed the need for a completely integrated force composed of identifiable national units provided with a central staff organization commanded by a single man.

He went on: Now, such a force will require a great deal of equipment in the shortest possible time—modern, efficient, effective equipment. We have already taken steps in the US to expand our own production of that sort of equipment to the utmost limits. We are willing to go further than that and participate with you, if you wish, in a complete reorganization of the Military Production and Supply Board so that instead of having merely a planning organization for production, we can get an action body which will be of the greatest assistance and help to the various governments represented here in utilizing every possible element of European production to produce to the full everything that it can produce and see that raw materials are available and that the production goes immediately to a useful destination.

Re financing he said: We have already taken steps to make funds available for this whole production effort at the outset, and we agree pretty strongly with the deputies that this high priority production program should be put into effect immediately, and we would be willing to work out the financial problems of that within the next few days.

Thereafter there will be larger financial problems. Those will require additional effort and additional organization, but we should like to see organization reduced to the minimum on this so that we can take practical steps and immediate steps to get wheels turning, to get production going forward, to have programs put into effect, so that

the goods may be turned out at the earliest moment. We are willing to consider with you any method that seems simple for doing that. Our basic thought in approaching it would be that if any of our partners in this effort find and convince us that, having made all the effort and all the sacrifices that a people might reasonably be expected to make toward defending their own existence and freedom, and their continuance as a nation, they find that they cannot do things which they otherwise could do if financing were forthcoming. We will cooperate in solving those problems.

Returning to the question of Germany: Everyone seems to be agreed that the defense must be to the east, in Germany, and everyone seems to agree that the loss of Germany would create problems of the greatest difficulty for all of us. In that situation and in view of the fact that the Chancellor of the Western German Republic has offered to participate in this effort, both in the field of production and in the field of manpower, we are faced with the decision as to what we do about that. Do we repulse this offer? Do we encourage it? What is our basic decision?

We must go through or we must turn aside. We cannot stand shivering on the doorstep, unable to make up our minds what we are going to do. After we make up our minds, it may take us some time to do it. It will take adroitness to do it. A great many items will enter into our conduct, both things that have to do with time, things that have to do with method, many things which have to do with the form of announcement, and all of that; but the basic point is, what is our will? Do we believe that this program contemplates, indeed almost necessitates the participation of Germany, or do we think that we should repulse Germany and insist that all of us go to even greater sacrifices to defend German territory and the German people without requiring them to make some of the sacrifices which we are going to make—particularly when they have offered to do it.

He excluded from the present problem the German police force which cannot: Oppose or help us oppose the Bereitschaften from Eastern Germany, nor can it oppose any Soviet invasion if that occurred. The whole police matter is an internal security question. He continued: Referring to the time factor he pointed out that there was as yet no German Defense Minister and that constitutional changes must precede the establishment of a German force, he said: I do not mean a German National Army. I do not mean an army which is commanded by Germans, supplied by Germany, directed by a German General Staff, and which might be in a position to join with the Eastern German Army to take action against us. I agree with everything which

has been said about the evils of German militarism and the importance of not allowing it to be recreated.

I mean that [at] a proper time—German units, beginning with a few and then perhaps getting more German units, would be raised by the German Government, paid by the German Government and uniformed by the German Government. Those units would be incorporated in and would be under the command of the force for the defense of Europe. I should hope that the unit of the German force might be kept quite low, so that units would be brought in with other units, American or Canadian or British or French or Dutch or whatever they might be, into larger units, but they would be incorporated into European force, would be commanded by that European command structure. Also, the ordnance for this force should be produced outside of Germany, so that it would not have the capacity for independent action. Furthermore, its equipment should be of such a nature that it would be of little use unless it remained as part of this force for the defense of Europe.

Re possible interference with equipping of NATO countries he referred to experience of last war when only after 18 months did equipment really flow in quantity from pipeline and said: After you get a group of young men and want to train them, experience has shown that it takes pretty nearly two years to get a man from civilian life until he is ready for combat. It might be shortened. But it takes about two years. So you see that you already have a considerable period stretching ahead, and therefore, if anyone wishes to act in this matter so as to be effective at an important time in the development of Western European strength, one must begin to act pretty soon.

In conclusion he said: In my judgment not even the opportunity would exist to divert equipment from the arming of member nations of this council to that of the proposed German units, even if one were foolish enough to do that, and of course that idea would not occur to anybody who has been thinking about this proposal. The flow of equipment would be entirely in the control of powers other than Germany. That can be of course handled and will be handled to the complete assurance of everybody involved in this great North Atlantic effort.

However this is done it should not be done in such a manner as to give the Germans the idea that they can bargain about it. They have made an offer. In discussing it with them it should be discussed on that basis, not as asking anything from them but as considering how and in what manner they can do what they have asked to be allowed to do.

I similarly agree that the presentation of this, both to the Germans and to the public, is of the greatest importance, and I am not prejudicing that in any way, I hope, by what I have said.

There is one other matter that I would like to touch on. It has been suggested that doing something along this line might provoke the Russians to military action which they might not otherwise take. It does not seem to me that that fear stands up very well under analysis. I do not believe that the mere fact that one is talking of raising some German units would bring about a provocation, would provoke an attack. If there should be an attack, I presume it would come from Russian fear that we were gaining strength. I don't suppose they care whether we are gaining our own strength or how we are gaining it. That would be the thing which they might take as the occasion for action. Certainly that is not going to deter us. We are not going to stay weak because if we get strong enough to resist attack we may bring it on.

That is a chance we have to run. We have to run it with our eyes open, and that is one reason why I think speed is so important. Here it seems to me that every element of strength added at the outset reduces our chances of our being attacked before we get enough power to really deter or resist attack.

It seems to me that we are really at the crossroads with Germany at this present time, and Germany seems to me to be in a state where it will either come along and be a good member of the western community and be allowed to come into it and take a full part and help, or it will begin to hedge and begin to have defeatism, and other forms of internal dry-rot in morale will take place. There isn't much time to hesitate about it, and with that thought I am through.

Department pass Paris.

ACHESON

740.5/9–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, September 17, 1950—2 p. m.

1404. 1. Your telegram September 17, 1950 3 [3 : 30] a. m.,[1] unnumbered. Following receipt your telegram saw Pleven and Moch. Parodi also present. Preliminary decision was that Moch will come US leaving here Wednesday night, provided Petsche accompanies him. Pleven will call Cabinet meeting tomorrow before giving official answer, but

[1] Telegram Secto 21, p. 314.

told me he was sure it would be in that sense. If you are agreeable to this idea, Moch would prefer first meeting be held September 22 instead of September 21. He must attend full Cabinet meeting presided by President Auriol [2] Wednesday afternoon, which will discuss German rearmament and because uncertainty of adherence to schedules of trans-Atlantic flights, thinks date of 22 more satisfactory.

2. Before Pleven had made any decision on this point, Moch expressed himself very strongly as not wishing to go unless accompanied by Petsche. Said that German question involved aside from military phases all sorts of financial questions with which he is not competent to deal. Also, said that with Schuman already there addition of another member of Cabinet would enable them to make recommendations back to their government with more confidence and authority, than if only two of them were on hand. Moch said he felt so strongly on this that if Pleven, who had not as yet spoken on it, did not agree, he would like to take it up with him privately. Pleven agreed at once and said it coincided with his own personal opinion but that as Petsche was completely unaware of the suggested disposition of him, he must consult him as well as the whole Cabinet.[3]

3. Pleven stated that he did not think it would be fruitful for him to answer the presentation which I had made to him about the urgency of the problem, the essentiality in view of the attitude of the other NAT countries of having France become a party to a unanimous conclusion and other points raised in your telegram. He said that he had read Mr. Acheson's statement of September 15 with the closest possible attention, that he realized perfectly the gravity of the present situation and that he felt a visit to the United States by two of his Cabinet Ministers, in whom he reposed entire confidence as he did in Mr. Schuman, might be most helpful.

4. He said he hoped that Petsche's suggestion to Secretary Snyder for a meeting of Finance Ministers of NAT countries would be acceptable to us and that such a meeting would be convoked perhaps a couple of days in advance of the Defense Ministers' meeting in October.

5. He remarked that it would be perfectly agreeable to him if the British Chancellor of the Exchequer accompanied Mr. Shinwell. However, in view of the state of Cripps' health, he assumed that someone else would be sent if the British so desired. He said he undertood that Mr. Gaitskell [4] was actually already in the US or en route, but he assumed that this visit was connected with other business.

Department pass USUN New York.

BRUCE

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[2] Vincent Auriol.
[3] The proposal to send Petsche with Moch was later abandoned.
[4] Hugh Gaitskell, British Minister of State for Economic Affairs.

740.5/9–1750 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 17, 1950—5 p. m.

Secto 23. For President and Webb. Summary fourth meeting North Atlantic Council fifth session 3 p. m. September 16.

1. Continued discussion agenda item 4.

2. Acheson suggested Council might terminate discussion German issue at this point and attempt agree on communiqué which would emphasize progress made and state Council had requested military production and financial experts come up soon with answers to technical questions involved. Proposed that Council agree to general lines communiqué and request deputies work out for release end of meeting on Monday.

Suggested communiqué take following general line: Council has gone to roots of major problems in vigorous way. Communiqué should emphasize large area agreement. Nations have knowledge where going and are imbued with sense of urgency. Are determined to create in shortest time integrated force defense of Europe and solve related questions. However many technical problems involved working out this force. Council has asked military to state what kinds units should be formed, best methods for allocating and increasing integrated units, kind of command required, question of timing of appointment and authority of supreme commander, and nature international staff required. Production experts asked how machinery can be improved. Financial experts asked for immediate advice on solving financial problems.

Communiqué would state Council has given fullest consideration to problem of relationship to West Germany including Adenauer's proposal. Council determined to add to strength West Europe but in such way as to minimize problems. Secretary proposed that communiqué imply there would be further meeting in relatively short time but deliberately leave date vague. Stated confident Council could break deadlock in short time and said should shoot for meeting in week or ten days.

3. Schuman agreed to proposal and stated belief ten days about right for next meeting.

4. Sforza pleaded for continued discussion Council and stated belief with good will Council could reach agreement on major issues in continued sessions.

5. Cunha (Portugal) stated decisions must be referred Governments which cannot be done within two days.

6. Lange (Norway) suggested communiqué emphasize points of agreement. Said Governments can consider in ten days and hoped would reach final decision by then.

7. Bevin stated only Russia would be made happy by such communiqué. Very pessimistic concerning consequences failure agree on historic proposal this time. Believed people will consider communiqué diplomatic device to cover profound disagreement. Was afraid people might lose faith in this great idea unless problem solved soon. Compared morning discussion to dash of ice water in contrast to Secretary's statement second meeting which he described as warm bath. Felt might require few more days for government consideration but urged speedy action obtain agreement.

8. Pearson (Canada) stated good deal in Bevin's statement. Council has discussed in only two meetings. If communiqué only says large area agreement reached but details all points of disagreement would have bad effect.

9. Acheson said he had no intention stating what Bevin and Pearson apparently understood him to say. In light of discussion and because of apparent confusion over proposal, would now withdraw proposal and start over. Happy accept suggestion for Council meeting Monday. However was necessary that work continue over weekend in preparation for such session. Proposed turn problem over to deputies to work on prior to meeting Monday.

10. Schuman agreed. Stated twelve governments cannot be expected solve such major and new questions in two days. However should not lose courage. Have reached maximum agreement and governments should review position.

11. Council agreed meet 11 a. m. Monday. Spofford called meeting deputies 2:30 Sunday September 17.

12. Cunha raised problem Spanish participation under item 4. In long speech stated should study without prejudice and exclusively from strategic point of view. Made clear was not raising question of membership NAT but merely utilizing Spain for common defense, citing analogy treatment Germany, Spain, Turkey. Emphasized importance Spain defense Portugal and pointed out stood between Portugal and France.

Warned that first line may not be held, WE countries may be overrun, and necessary look at realities. This required preparation defense in depth behind Pyrenees. Realized might not be able to agree today and perhaps must wait until GA acts. Proposed Council give full freedom to US to do what must be done to bring Spain into defense picture.

13. Schuman replied that Spanish question could be solved only by admission to NATO. Could not discuss defense plans generally with non-members. Stated Germany was special case because of occupation. Whatever strategic merits of inclusion Spain, cannot discuss as long as UN resolution in effect. Possibly after GA if it acts favorably, Portugal could raise question again more profitably.

14. Cunha reiterated did not insist now on final answer. Stated all or nothing not only alternatives and saw no reason for waiting until GA acted. Specifically proposed US give help to Spain, not necessarily monetary but in form of arms. There was no comment on this proposal.

15. Item 5.[1] Council accepted PBOS report without comment except UK statement very good report.

16. Item 6.[2] Sforza stated Italy would bow to majority. However urged reply be made verbally and not publicly. Pointed to delicate situation Turkish Government vis-à-vis opposition. Important minimize negative aspects since Greece and Turkey faithful allies West powers.

17. Bevin pointed out US had stepped in helped these countries at critical time and countries were linked UK–France by treaty. Therefore prospect not so bleak as appeared on paper. Agreed with Sforza re approach.

18. Schman questioned whether desirable to make public decision.

19. Cunha saw no reason not make public positive aspect of reply. Felt required written statement as follow-up to verbal approach.

20. Acheson stated appeared sense of meeting that chairman communicate decision personally to FonMin's. Proposed deliver written oral statement of favorable aspect of decision. Council would give no publicity to decision. Presumably countries will make own public announcements which we can merely confirm. Pointed out that US would relinquish chair at end of meeting but prepared to undertake task if Van Zeeland agreed.

21. Council approved above course of action.

22. Item 7.[3] Stikker explained problems required study. Pointed out NATO discusses division European resources, financial mechan-

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[1] Report of the Planning Board for Ocean Shipping. Report not printed.

[2] Action regarding NATO participation of Greece and Turkey. The Council was here presented with the action taken by the Council Deputies in their meeting of September 14 in New York, in which they approved Acheson's proposal to invite Turkey and Greece to participate as associate members of NATO in the defense planning for the Mediterranean area. The meeting of the Deputies on September 14 is covered by telegram Secto 15, September 15, 740.5/9–1550, not printed. The proposal was presented earlier by Acheson in slightly different form in the third meeting of the Foreign Ministers, New York, September 13. For minutes of that meeting, see p. 1209.

[3] The proposed reorganization of NATO and the OEEC to provide better coordination between them on defense matters.

isms for sharing defense burden, arrangements for distribution US aid. On other hand OEEC studies economic expansion, balance of payments, liberalization trade, monetary stabilization, and other matters closely related NATO work. Believed if both bodies deal with these questions no real work for either. NATO not equipped with necessary experts deal with all defense, financial, economic problems while OEEC well established and staffed. Pointed out no initiative now being taken on many problems resulting from impact increased defense efforts and countries are drifting into dangerous situation. Stated held no brief for either organization, merely wanted results.

Pointed out transfer of functions and staff from OEEC would have bad political impact on Europe. Stated ECA must have its European counterpart. While not knowing US intentions for interlocking ECA and military aid, believed ECA might deal with both.

Proposed starting on empirical basis. Suggested Council pass resolution suggesting delegates of NATO countries to OEEC meet in Paris and establish liaison with London NATO bodies. Would utilize OEEC secretariat. If this proposal agreed in principle by Council, deputies could prepare draft resolution. No publicity should be given this decision since formal establishment might have unfavorable influence on Sweden and Switzerland. Stikker stated had talked with delegates those countries and confident were willing cooperate this arrangement. In fact Swiss would prefer participate in such work.

23. Acheson considered Stikker proposal sensible and reasonable. Asked wheher Stikker could draft such proposal for consideration deputies.

24. Bevin said matter one for experts and required study particularly those related to problem of financial organization NATO itself. Suggested be studied by experts and referred back to Council for final action.

25. Lange suggested agreement on principle and asked deputies to work out with OEEC delegates and DFEC suitable arrangements.

26. Schuman stated could not take position on issue today or Monday. Expressed fear might be over-organizing, point out each government has duty coordinate their various delegations these various bodies. Prepared study any document but felt should express fear we may be organizing slowness.

27. Agreed Stikker would prepare draft for submission deputies September 17.

28. Item 8. Discussion Schuman paper C 5-D/4.[4] Schuman pointed out impact of accelerated defense programs on prices cotton, copper,

[4] French proposal concerning the control of raw materials and supplies, not printed.

wool, and rubber. If this allowed to continue, would create danger general inflation, make impossible obtain raw materials, and increase financial burdens of defense. Stated had no solution to offer now and requested only the problem be studied by the deputies possibly with help of OEEC.

29. Stikker agreed problem should be studied.

30. Bevin pointed out problem very complex and involved producing as well as using countries. Doubted NATO proper body deal with such problems and thought required wider study than proposed in Schuman resolution. Proposed deputies consider best means for consulting producers as well as users.

31. Acheson proposed deputies work on problem and attempt prepare resolution for Monday's session. Pointed out could only suggest method. As result of study they might conclude some other body should undertake.

32. Stikker pointed out problems could only be solved on *ad hoc* basis for each commodity. Asked that deputies study whether OEEC could give useful advice.

33. Council agreed request deputies formulate resolution for such study to be presented Monday.

34. Council agreed would tell press only that Council continued discussion and recessed until Monday 11 a. m.

Department pass Department Defense, Brussels, Ottawa, Copenhagen, Paris, Rome, The Hague, Oslo, Lisbon, London, Reykjavik, Luxembourg.

ACHESON

700.00(S)/9–1850: Circular telegram

The Acting Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, September 18, 1950—4 a. m.

Infotel. In Sep 14 mtg NAT deputies,[2] approved US proposal [3] re Turkey. In discussion, Fr deputy stressed fact that Turkey geographically beyond scope pact and difficulties parliamentary vote re admission, but recognized need associate Turkey with NAT milit org. UK noted internal and external pressure leading to Turk request, said

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[1] Sent to Athens, Ankara, and Tehran.

[2] The summary of this 21st meeting of the Council Deputies was transmitted from New York to Washington by Acheson in telegram Secto 15, September 15; not printed, 740.5/9–1550.

[3] The proposal referred to here is a slightly altered version of that presented by Acheson in the third meeting of the Foreign Ministers on September 13 in New York. According to the proposal, Turkey and later Greece if Turkey accepted, would be invited to associate with NATO in its military planning for the Mediterranean area. For the minutes of the September 13 meeting, see p. 1209.

that although US proposal unsatisfactory it wld be least bad choice, but doubted it wld provide lasting solution. Felt any formula re Turkey shld also apply Greece, and indicated complications rising from associating peripheral countries. Italy more sympathetic to Turk request and suggested refusal not be made irrevocable terms. Neth strongly opposed request on grounds admission NE state wld change nature pact from closely knit community to widespread anti-Sov alliance and seriously weaken it. Norway's views similar but felt rejection Turk request shld not be phrased to bar possibility Swedish or Irish membership. Canada held similar view re Atlantic community relationship but prepared accept US proposal.

WEBB

740.5/9–1850 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 18, 1950—10 : 33 p. m.

Secto 29. Summary fifth meeting North Atlantic Council 11 a. m. September 18 :

1. Agenda item 1, relationship between NATO–OEEC.

Council adopted C 5–D/7(rev.)[1] with two changes proposed by Bevin. Deleted phrase in first paragraph "particularly in connection with measuring the impact of and suggesting means of financing the MTDP"; and added to end final paragraph the phrase "and is referred to the deputies for that purpose".

2. Agenda item 2, raw materials problems (C 5–D/4 rev.).[1] Council adopted resolution. Stikker agreed, but expressed hope that deputies would work out proper coordination with OEEC.

3. Agenda item 3, resolution on MTDP (C 5–D/5 rev.).[2] Adopted without discussion.

4. Agenda item 4, questions affecting defense Western Europe (D–D/62).[1] Spofford reported deputies had exchanged views on German and integrated force. Had agreed were points on both problems on which further consultation with governments required by some ministers. Agreed recommend that Council recess for as short a period as possible, perhaps week, to enable government consultation take place. Deputies recommended that Council continue discussion today and suggested each express views on two phases, indicating which points require consultation with government, and stating government's attitude at this time.

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[1] Not found in Department of State central or NATO Sub-Registry files.

[2] A copy of the final revision of this resolution is in the Department of State NATO Sub-Registry files.

Spofford stated deputies recommended brief communiqué, merely indicating Council had recessed to permit consultation governments.

5. Council agreed to short recess, on understanding meeting would be set at time most convenient for ministers. If minister could not attend personally, government would be suitably represented.

6. Council agreed each minister should be given opportunity raise any question and make such statement on issues he cared to make, after Schuman, Lange and Cunha made clear they did not desire reopen entire German debate.

7. Country views given as follows: Van Zeeland accepted wholeheartedly concept of unified force. Agreed to principle of unified command, single commander, assisted by international staff. Expressed satisfaction that force would be made up of national contingents, and also at US decision take full share in force and send additional units to Europe. All should recognize that must make maximum effort raise required force.

Could see wide area agreement on German participation in defense in one form or another. Must insure that German attitude would be favorable. Belgium accepted principle of German participation in form to be decided upon criteria of maximum effectiveness. This decision raises many internal, legal and constitutional problems.

Pearson had hoped German participation could be decided now in principle. However, impressed with Schuman's difficulties and agreed postpone one week. On integrated force, welcomed ideas of US. Believed would effect desirable simplifications of pact machinery. Raised problem of better liaison between SG and non-members and pointed out this would be more important if functions of SG increased as proposed. Suggested consideration doing away with DC and DFEC, and having but one council at ministerial level, at which appropriate ministers could appear as required.

Explained unique position Canada as small overseas nation with local defense problems. Stated Canada forming new army for UN and NATO but made clear making no commitment now how Canada would be associated with unified force. Asked for NATO guidance on disposition of equipment Canada prepared make available, through stocks and new production from $300 million program. Requested progress on standardization so Canada could replace equipment, but did not specify US equipment.

De Kauffmann [3] explained Denmark and Norway positions generally similar and preferred speak after Lange.

Schuman hoped study during recess would result in *rapprochement*. Raised again question getting Germans to build line of fortifications,

[3] Henrik de Kauffman, Danish Ambassador in the United States.

and proposed that High Commission study. If could announce at end ten days would have favorable effect on public opinion Europe and Germany, since fortifications would be built along eastern frontier.

Benediktsson [4] agreed principle integrated force, but felt countries more directly concerned should decide on this and German question.

Sforza had little to add but hoped will reach agreement as soon as possible. Deeply appreciated US proposals and entirely agreed principle integrated force. Agreed Pearson's remarks re SG and with Schuman's proposal for building German fortifications. Latter would prove we thinking only of defense, not aggression.

Bech stated in general agreed on unified force but must consult government. On Germany, greatly impressed with Secretary's statement, which resolved many their doubts.

Stikker stated nothing to add to earlier German statement. Netherlands Parliament has discussed and arrived at position he earlier expressed. Agreed in principle on integrated force. Agreed with Pearson re better liason with SG. Cited proposed action by North Atlantic Ocean Planning Group re Dutch fleet and stated SG should insure that countries brought in when problems affecting them discussed. SG should maintain close contact with Council, where political guidance obtained.

Lange stated several questions. Wanted US to explain phrase in statement re "adequate force to insure successful defense Europe including West Germany." Did this mean all of NAT area or only central Europe? Questioned authority of chief of staff on training, pointing out that what done with forces allocated to NATO would have direct bearing on national forces not so allocated. Requested information re effect of integrated force on present regional planning groups. Stated any change in North Atlantic Ocean Group should be decided by Council.

Lange associated himself with Pearson and Stikker and Sforza re SG, saying liaison must be improved, if authority broadened.

8. Council adjourned until 3.

Department pass Brussels (pass to Luxembourg), Ottawa, Copenhagen, Paris (pass OSR), Rome, The Hague, Oslo, Lisbon, London, Heidelberg for Handy, Defense; sent Department Secto 29, repeated Brussels (pass to Luxembourg) unnumbered, Ottawa unnumbered, Copenhagen unnumbered, Paris (pass OSR) unnumbered, Rome unnumbered, The Hague unnumbered, Oslo unnumbered, Lisbon unnumbered, London unnumbered, Heidelberg for Handy unnumbered, Defense unnumbered.

ACHESON

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[4] Bjarni Benediktsson, Icelandic Minister of Foreign Affairs and of Justice.

740.5/9–1950 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET PRIORITY NEW YORK, September 19, 1950—12 : 45 a. m.

Secto 32. Sixth meeting NAC fifth session, September 18, continued discussion from morning session.

Lange stated greatly impressed by argument in favor of integrated force and realized far reaching consequences of US decisions. Norway would never wish obstruct action on matter Big Three and many other NATO countries had agreed. Essential that in future notice such far-reaching questions should be given through deputies so could consult parliaments before meeting. Stated did not now have authority commit government. Certain constitutional and legal issues must be studied but hoped will be overcome. Trusted proposed recess will give enough time take decision. Hoped enough flexibility in planning under Unified Command take account particular factors, such as Norway's remoteness and common frontier with Russia. Stated not clear how integrated force linked with German question.

Acheson replied to questions raised by Lange in morning. Explained impossibility giving advance notice on proposals (basic issues were raised by French August 17 note). French attached deepest importance to study and US went to work right away. President formulated US policy only Saturday before meeting started.

Re Lange's first question, Secretary stated US meant entire area covered by treaty. No one at this time could say just how would defend, since this would depend upon circumstances, including forces available. Re second question, not contemplated Supreme Commander and staff would have any authority over forces intended for but not yet allocated Unified Force. However, should have important voice in talking to representatives of governments on standard to be met. Presumably Supreme Commander could refuse troops if not properly trained, or service up in matter of weeks. Re forces already committed by governments to Unified Force, his authority should be very great, prescribing training in detail.

Re regional planning groups, Secretary stated proposal should have very little effect on North Atlantic Ocean Group whose functions would not be absorbed by staff working on land forces. There should be close relationship, however. Unable state effect on other regional groups. If integrated force and staff created, this staff would perform many functions, including planning. Since planning now function of regional groups, their work must somehow be brought into combined staff.

Acheson referred to statements re closer relationship between Standing Group and non-members. Recognized was important problem and

agreed must be worked out. Stated problem required professional advice and Council consideration.

Acheson replied to Lange's query as to tie between integrated force and German proposal. US proposal was most earnest effort to reply to French August 17 note. US proposed certain changes considered essential in creating the required force in time likely to be available. US has requested Council's views on integrated proposal. Can't say what happens if Council turns down. However, no sense in having commander with no troops to command, or vice versa. If US proposal not acceptable, we will work to find something else which will meet objectives. However, do not believe US would be fairly treated if Council prepared to talk about only certain aspects of US proposal but not others.

De Kauffmann generally subscribed to Lange's statement. He needed inform government and hoped be possible give answer next meeting.

Cunha stated government saw no objection to German participation on terms proposed by US. On integrated force, posed several question:

(*a*) Which countries would contribute forces and who would decide how many?
(*b*) Could Supreme Commander station national units in another country?
(*c*) Does central production body guide, help or act as action body?
(*d*) What effect would US proposal have on NATO?
(*e*) Which US statement should be considered authoritative, the oral or written statement?

Acheson replied that (*a*) hoped all countries would want to contribute forces but governments would decide; (*b*) Commander could hardly move troops into or out of a country without that governments consent; (*c*) Production body would be action body, to give guidance and help nations; (*d*) Relationship should be defined; (*e*) Countries should study all US statements as expressing our position.

Cunha indicated must consult Parliament which does not meet until November. Expressed regret defense entire Iberian Peninsula not assured. Not opposed in principle to integrated force, but must reserve on national participation, creation commander and on central production body.

Bevin made statement authorized by Cabinet recapitulating Saturday position. UK agrees necessity for Unified Force and Supreme Commander. Does not feel desirable spell out details command and constitution integrated force now since Defense Committee should work out for Council. Re German participation, government accepts principle, subject to agreed conditions, some of which already indicated by US. Agree with US view that entire problem must be worked out over time and agreement in principle doesn't mean that German units could

be formed immediately. Suggested next stage would be for Defense Committee to appraise best ways for Germany to help and examine problem with German Government. Proposed we reply to Adenauer stating that High Commissioner authorized ascertain in what ways Germany can best help defense freedom in Europe against aggression. High Commissioners would then report to Council. Warned government against overestimating psychological and political risks, stating must face these.

Schuman proposed resolution for Council to request Big Three to ask High Commissioners to examine condition under which Germany could contribute to defense through defense works, fortifications and airfields, for report at next meeting.

Acheson objected to reference to High Commissioners, stating more appropriate address request to three governments. Schuman agreed so modify.

Bevin questioned wisdom picking out isolated military problem in absence military appreciation entire situation. Stated not too concerned over provocation generally, but if proceeded build defense lines before forces available might invite attack.

Acheson agreed strongly with Bevin. Considered it mistake pass such resolution. Would inevitably become known and anticipated bad reaction to knowledge we were asking Germany provide day labor on defense. Should consider connection entire military problem.

Schuman stated government would be required in 10 days take decision in principle on use German manpower. Would be more difficult for French Government act favorably on that unless this immediate step taken. Considered there was tendency to neglect installations and be hypnotized by manpower.

Acheson stated preference for no Council action and discussion of proposal by Foreign Ministers.

Schuman withdrew proposal and indicated would raise in Foreign Ministers.

Council agreed minor editorial changes in draft communiqué be referred to deputies, who were authorized prepare and issue final draft.[1]

Council recessed, subject to recall by Chairman.

Department pass priority Brussels (pass to Luxembourg), Ottawa, Copenhagen, Paris (pass OSR), Rome, Hague, Oslo, Lisbon, London, Heidelberg for Handy, Department Defense.

ACHESON

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[1] For text of communiqué, released to the press September 19, see Department of State *Bulletin*, October 2, 1950, p. 533. See *ibid.*, p. 532 for a statement by Jessup on September 24 concerning North Atlantic Council discussion of proposals for an integrated army in Europe.

740.5/9–1950

Memorandum of Conversation, by the Secretary of State

TOP SECRET [NEW YORK,] September 19, 1950.

Participants: Secretary of State
Mr. Erkin, Turkish Ambassador
N. L. Anschuetz, GTI

Ambassador Erkin came in to see me this morning at 9:15, at my request, in order to learn the decision of the NAT Council with regard to the Turkish request for membership in the Council.[1]

I explained to the Ambassador that the Council had requested me to communicate the Council's proposal to the Turkish Government. I made the following points:

(1) The Turkish request has been seriously considered by the Council.

(2) The Council recognized the importance of Turkey's role in the free world and in the vital Near East area.

(3) The Council unanimously concluded that it was essential to develop real strength within the framework of the present Treaty Organization and that it was impossible to make additional commitments or extend the Treaty arrangements in any way at this time. Therefore, the Council could not accede to Turkey's request for membership.

(4) The Council was aware that Turkey does, in fact, enjoy substantial international support by virtue of its treaties with France and the UK, the public statements in which the US has expressed keen interest in the maintenance of Turkish independence, and the considerable military assistance which Turkey has received and continues to receive from the US.

(5) The Council believed, however, that Turkey deserves some measure of reassurance and, therefore, has directed me on behalf of the Council to invite Turkey, if the Turkish Government so desires, to associate itself with such appropriate phases of the military planning work of the North Atlantic Treaty Organization as are concerned with the defense of the Mediterranean area. I informed the Ambassador that if the Turkish Government accepted this proposal the Defense Committee would be authorized to take measures to implement it.

At this point I handed the Turkish Ambassador a *note verbale*[2] in which I said I had jotted down briefly the terms of the Council's proposal. I added that, as the Secretary of State of the United States, I

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[1] The substance of the NAT Council directive to the NAT Defense Committee, which set the procedure followed by Acheson in his presentation of this matter to the Turkish Ambassador and later to the Greek Ambassador, was transmitted by Acheson to Washington in his Secto 24, September 17, not printed (396.1 NE/9–1750). For text of the proposed directive see footnote 10, p. 1218.

[2] Printed in Department of State *Bulletin*, October 16, 1950, p. 632.

hoped very much the Turkish Government would find it possible to accept it.

After reading the note the Ambassador said he did not understand how Turkey could be expected to participate in the defense of the Mediterranean without some prior political commitment. I pointed out to the Ambassador that the proposal of the Council was that Turkey should participate in the "planning" for the defense of the area and that I did not consider that this constituted any weakness in the proposal. It is difficult, if not impossible, to conceive of a Soviet attack against Turkey under conditions which would not bring on a general war. In my opinion, the USSR would not make the mistake of providing the US time to prepare itself and, for this reason, the USSR is not likely to mount a major attack elsewhere in the world without also attacking the US. Such an attack, if it comes, would probably be against the US, Western Europe, and Turkey simultaneously. We would all be in it together.

The Turkish Ambassador seized upon this theme and pointed out that the community of free nations is desperately seeking to develop moral and military strength. Turkey has moral strength and, thanks to US assistance, Turkey has military strength. Turkey is therefore well qualified to make a contribution to the strength of the Western European Powers, but these Powers are not prepared to make any commitment to Turkey in turn. The Ambassador said that he would of course transmit the Council's proposal to his Government but that in his personal opinion, the Council's reply would be unsatisfactory to the Turkish Government. I replied that I realized that the action of the Council would probably be considered unsatisfactory by the Turkish Government and added that, in the final analysis, anything short of full membership in the Pact would be considered unsatisfactory. I felt, however, that this was a move in the right direction.

The Ambassador said that he was greatly disturbed at the probable reaction of the Turkish people, who are very proud. He said that the USSR and everyone else knows that the US has made no commitment to Turkey. When it becomes known that the NAT Council has denied the Turkish request, of which all the world is aware, the disappointment of the Turkish people will be very great. He said that he was fearful that the USSR might now be encouraged to believe that the NAT Powers had, in fact, no fundamental interest in Turkey and that this might have dangerous implications for Turkey. He added that under these circumstances it was possible that the USSR will make a strong bid for Turkish friendship. The Ambassador thereupon reiterated that he was afraid the Turkish Government would find the Council's solution unsatisfactory.

I called the Ambassador's attention to the fact that the US Government was not responsible for making public the Turkish request for

membership and pointed out that international commitments could not very well be made on the basis of articles which appear in the newspapers. I said, furthermore, that I disagreed that the USSR would be likely to interpret the Council's failure to accept Turkey as an indication of lack of interest in Turkey. On the contrary, I felt the Council's proposal would make the USSR sit up and take notice. I agreed, however, that it is impossible accurately to forecast Soviet reaction.

The Ambassador then inquired whether anything more could be done in this matter. I said that if the Ambassador meant whether the Council would reconsider its decision at this time, the answer was "No". The Ambassador then inquired whether it would be possible for the United States to make some kind of a unilateral commitment. I replied it would not be possible for the United States to make any additional commitment at this time. We already have too many commitments. Nonetheless, the United States aided Turkey when no one else would help and has continued to provide assistance for more than three years. I recommended that the Turks not get nervous like the French and talk about commitments. Essentially what we all desired of Turkey was that Turkey remain strong and maintain its determination to preserve its independence. The Turkish people are brave and have, for centuries, fought as necessary to maintain their integrity. I told the Ambassador that Western Europe must endeavor to establish an integrated military command and an integrated military force within the next twelve to eighteen months and that we must develop adequate strength within the framework of the present Treaty arrangements before we can think in terms of enlarging our commitments. At this moment, strength on which to base new commitments is just not available.

At this point the Ambassador, who was obviously not happy, thanked me for receiving him. As he departed I reiterated that the Council proposal is a good one and that I hoped the Turkish Government would accept it.

740.5/9–2050 : Telegram

The Secretary of State to the President

SECRET PRIORITY New York, September 20, 1950—11 : 14 p. m.

Secto 36. Personal for the President from Acheson. Since my telegram to you of September 14,[1] we have kept you informed of developments from day to day both on NAT and the meetings of the three

[1] Secto 8, p. 301.

Ministers and the GA. This telegram attempts to give you some impressions of my own from these various meetings.

1. In the first place in the NAT Council our discussion there, as I thought would happen, did not end on Saturday and had to go over to Monday.

Out of these discussions came these general conclusions, one of which at least represents a change of position.

The French throughout the meeting merely reiterated views which I reported to you before, and I think made clearer than before the fact that the difficulty lay in Paris and, specifically in the Socialist Party and even more specifically with Moch. As a result of the discussions and the views of all the other Ministers, Moch will be here tomorrow. The British are also bringing Shinwell, who because of his Socialist convictions has influence with Moch.

The British did change their position as a result of communication with London. They are now prepared to accept the principle of German participation in a united defense force and to work out the details as speedily as possible.

So far as the rest of the countries were concerned, although we started out with varying degrees of hesitation, I think we ended up with very little doubt indeed that all of these countries accepted the principle and would join in its application.

However, as the discussion went on, it became clear that in some cases, Norway and Denmark, for instance, and Portugal to a minor extent, the implications of a united force had to be very carefully considered. Their geographic position made it clear to them that they will want to be sure how much of their own force would be retained for the defense of their own country and how much would be used for general operations on the continent. They also wanted to know to what extent the supreme commander would direct his strategy toward defending their particular countries. Of course, no one could answer this latter question. Therefore, they wanted to consult their governments, which is wholly understandable.

The result of our meetings is that during the recess all of us will consult our governments and one another and will meet again next week. At that time I think the idea of an integrated force will be accepted by all and that the idea of German participation in it will be accepted by all except France, unless our discussions in the next few days with Messrs. Moch and Shinwell bring about a change. As to the chances of this change, the various European Ministers assure me that they believe that the French will be able to alter their position in a matter of a few weeks; whereas McCloy hears from the French that Moch is coming over here in a very negative attitude of mind and will be hard to deal with.

As I analyze this situation, it seems to me that we should clearly differentiate in our minds what we can get the French to agree to in extreme secrecy and what we can say about the situation both in the supposed secrecy of the Atlantic Council and in the communiqué. I should advise that we press the French very hard in private and that we should be as moderate as possible in public. McCloy shares this view thoroughly. He believes that the immediate future is very critical in Germany and that the High Commissioners must have enough leeway to talk with Adenauer in a constructive and not in a negative way. It seems to me that we cannot accept any French position which puts us back to the position of the twenties, when we were adamant in not making any concessions to the Germans who were on our side, and then yielded under pressure to the Germans who were against us. If, however, the French will tell us they will enter on a program I do not think we should push them too far in public confessions.

[Here follow, in sections 2 and 3, statements of progress in the meetings of the Foreign Ministers and of the U.N. General Assembly on September 18 and 19.]

Please let me have your thoughts either directly or through Webb whenever you think that what we are doing needs molding or direction in view of the problems with which you are dealing, or whenever you think we are not carrying out your wishes.[2]

I talked with the General [3] over the telephone today, and it seemed to me like old days once more.

ACHESON

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[2] In a memorandum dated September 21, not printed, Webb reported on his conversation with President Truman on that date as follows: "The President read the attached report from Secretary Acheson [Secto 36] and seemed well pleased with it. He asked me to tell the Secretary that he had no suggestions to make at this time and that as long as he was able 'to attract the votes', that was the important thing." (740.5/9–2150)

[3] Reference here is almost certainly to General of the Army George C. Marshall, newly installed Secretary of Defense.

740.5/9–2250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, September 22, 1950—noon.

1534. Eyes only Acheson and Webb. If conversations regarding German participation in rearmament should arrive at point where agreement seems impossible may I suggest for your consideration following procedure.

1. Say to Schuman with Moch present it would be extremely unfortunate if disunity on this matter should become apparent, repeat

that US is opposed to constitution of German national army and that we realize necessity of having French public opinion support any decision arrived at in this regard. Therefore propose that Mr. Schuman who had evolved the revolutionary and admirable scheme for pooling of Western European coal, iron and steel resources might turn his attention to a constructive French suggestion as to how German manpower could be utilized in a military sense to contribute the troops essential to protect Western Europe against possible aggression.

2. Leadership in this connection should appropriately come from France, the nation that will supply the largest number of ground forces. To avoid the fear that Germans organized as military entities might threaten the security of their neighbors and might in crisis prove undependable French might advance proposition as to how Geman troops could best be bracketed into defense dispositions.

3. Unless I am mistaken narrow nature of instructions recently given by French Cabinet to Schuman and Moch preclude their taking on their own initiative any imaginative action. If, however, Schuman could relay to his Cabinet a course of conduct inspired by us but giving French Government opportunity to assert Continental leadership we might possibly obtain happy and even unexpected result.

4. Moch is difficult and dogmatic but despite his seeming assurance is vulnerable to appeals to national pride and also to personal vanity.

5. Although I am without information from Department as to present status negotiations I believe that Schuman although unable or unwilling to advance such idea as his own might recommend it if it were offered by US.

6. Hope in any event that negotiations will not be broken off and stalemate announced. This might well kill Schuman Plan, revive traditional dissensions between France and Germany and generally prejudice our objectives. Feel that agreement in principle can be reached provided conversations tactfully conducted can be somewhat further prolonged.

Department pass USUN.[1] Sent Department 1534, USUN New York 16.

BRUCE

[1] United States Mission at the United Nations.

740.5/9–2350 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 23, 1950—1 : 30 a. m.

Secto 40. Following is summary of seventh session, tripartite meetings with Foreign Ministers and Defense Ministers, September 22, 11 : 30 a. m.

Secretary reviewed the problem of European defense force for the benefit of the Defense Ministers and asked the Defense Ministers to advise the Foreign Ministers in making progress for decisions on the EDF.

Schuman noted that his personal views in the previous talks had been confirmed in consultations with French Government and by Moch. Minority in French Government would prefer to reject the proposal of use of German units for all time. Majority would allow discussion of German units if certain conditions are met.

1. A central European force must be created and be strong enough to be effective before German units can be considered.
2. The program of matériel, outweighing the question of manpower must be answered. Decision on German participation premature and dangerous and would not be advantageous in initial stages of planning. Decision impossible to keep secret and publicity would make achieving goal more difficult. Noted that there was a marked slow-down in general Schuman Plan discussions since start of talks on European defense force due to question in German mind as to necessity of making efforts in economic field if they become equals militarily. Believed it was premature to discuss question, much less make a decision now.

Bevin stressed prevention of World War III, the creation of a force as deterrent to USSR and noted growing impatience in UK with the slow progress in achieving unified force. Believes question of German participation academic but government tries to meet points of view of other two. Main consideration is the maintenance of initiative achieved in last few months by taking advantage of situation which has served to weld together the forces we need to meet all provocations. Pointed out steps taken to put US and UK troops in Europe and stated US and UK had right to a decision on German participation before troops were actually committed. These factors, along with arguments of the Dutch, has made UK Government agree in principle to participation of German units. Agrees that defense force should be strong enough for establishment of a central command before implementation of decision to which the Ministers should now agree in principle. Mentioned that political forces impel haste in deciding now on this question but stated that whatever government in power in UK British people were firmly opposed to leaving door open to possible future aggressions.

Secretary noted that NA Council had reached point where decision must be made for the guidance of the meeting of Defense Ministers in October. Agreed with Bevin integrated force must exist before German units participate. Noted area of agreement on questions raised by French on supplying material and the priority of NAT countries in obtaining armaments. At Secretary's question Schuman agreed that France did not mean to wait until the completion of the medium term plan before deciding on use of German units. Secretary stated

that if US Government goes to people with this unprecedented commitment of US forces and takes responsibility in the command it must not leave in doubt the ability to receive the military help the US thinks is necessary because of indecision among Allies.

Moch noted that the Government of France unanimous in backing Schuman's statements and except for Communists there would be unanimity in Parliament on German question. Stressed adverse effects in increased USSR psychological warfare if decision were known. Manpower was not prime consideration in total western defense problem. France has 1,200,000 trained men which can be called upon and is prepared to provide the 20 divisions required of them. The real problems to be faced were:

(1) Acceleration of efforts to complete MTP by 1952 or end 1951.
(2) Necessity for strategic placement of forces in Germany regardless of present zones.
(3) Need for decisions on types of equipment necessary to get armament production under way in France.
(4) The problem of financing which Moch did not wish to discuss at this time.
(5) Economic steps to be taken to prevent more rises in prices of raw materials.

Moch concluded that there were two urgent questions needing study before consideration of German participation: first, overcoming obstacles to the achievement of MTDP, and second, German participation in the initial phase in production and infrastructure.

Department pass Paris, London, Defense.

ACHESON

740.5/9–2350 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 23, 1950—1: 30 a. m.

Secto 41. Following is summary of eighth session, tripartite meeting of Foreign Ministers and Defense Ministers, September 22, 1950, 3 p. m.

Shinwell stated that the west had sought but failed to build adequate defenses. Believe it fatal not to take advantage of US offer of troops. Military experts had stated that 56 divisions with adequate reserves, air force and equipment were absolutely essential. It was also essential to fight east of the Rhine and to get under way far in advance of the time schedule of the medium term plan. Pointed out necessity for organization capable of providing order in Germany in the event of attack. Noted psychological effect of justifying defense of Germany

without Germans sharing in the burden of that defense. He indicated that the UK contribution by the middle of 1951 would be to add 1 division to the 2⅓ divisions in Europe and to strengthen the existing divisions to extent necessary for fighting. Noted that the French contribution of forces without equipment would merely be a skeleton force. The Benelux countries could not be counted upon for much in way of troops. Stressed the need for reserves. Issue was whether German forces should be used when western forces were built up. If the answer to this is yes, plans must begin immediately. If no, an alternative must be sought. It was necessary to make a declaration stating that the west will use all available means including consideration of participation of German units.

Marshall [1] noted agreement with Bevin on psychological importance for maintaining initiative and with Shinwell on military situation and timing. Indicated that there would be no problem of priorities for NAT countries if the US can plan on participation of Germany now. Noted US as well as French have problem with their legislatures. If the US administration cannot assure Congress that all available means in Germany would be utilized to achieve an effective European force there would be a serious problem regarding the appropriations for western defense. Recognized problems of the French and asked for their solution of this problem.

Moch noted that the French Parliament would be unanimous against the use of German divisions and indicated it was necessary to obtain the answers to following questions before the French position could be made clear:

1. How many German divisions are contemplated?
2. How many US divisions will be sent to Europe?
3. When can the US send them?

Mr. Bevin suggested that these questions be answered in a private meeting between the three Defense Ministers.

Mr. Schuman asked what positive steps could be taken if agreement were reached and whether it were not enough to agree that Germany would assist in supplying labor, matériel and defense works. Noted that studies could be immediately initiated to find out how Germany might assist without use of military units. Secretary referred to point made by Shinwell that German manpower would have to be used at some time and that it was necessary to plan for equipment such units eventually or it was possible that a shortage might develop when Germany is brought in at a later time.

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[1] General of the Army George C. Marshall, Secretary of Defense since September 21, 1950.

Mr. Schuman stated that it was not possible for him to agree even to the ultimate use of German units and noted that French Government would be ready in nine months to consider the problem. In the meantime the idea is not rejected. Moch noted that once production is begun it is possible to increase output and since NAT countries would have priority on all available arms no time would be lost by postponing decision on problem. With regard to the justification of defending Germany he noted that our intention was not to defend Germany as such but to preserve freedom in Europe and to take advantage of our occupation of Germany to fight further from the bulwarks of our own frontiers. Schuman explained that nine months' time would allow for further discussions in the Cabinet and in Parliament and to sound out public opinion. Noted that authorization for HICOM to discuss issue with German Government did not imply acceptance of principles by French Government.

It was made clear that French did not wish to prohibit discussions of problem at this time. Secretary pointed out there must be meeting of minds on number of German divisions required, how they are to be commanded and other military matters. The problem for the US was whether it would be able to tell Congress that Germans were going to share the burden of fighting with US troops on German soil.

During a recess the Defense Ministers met in private and said they had reached agreement on ten intermediate measures to be taken in Germany which Marshall put before them. Ministers then agreed to work out through officials the following documents:

1. A statement of the agreement on intermediate points referred to above for use only by the Ministers of the three powers.[2]
2. A resolution to be proposed in the Council.
3. A draft communiqué for the Council.

It was agreed that the essence of the agreement should be communicated to Stikker and Van Zeeland. Ministers adjourned until 10 a. m., Saturday, September 23.

Department pass Paris, London, Defense.

ACHESON

[2] The text of this agreement by the three Defense Ministers, transmitted to Washington from New York in Secto 45, September 23, is scheduled for publication in volume IV.

740.5/9–2350 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 23, 1950—8:09 p. m.

Secto 43. Following is summary of ninth session, tripartite talks with Foreign Ministers and Defense Ministers.

The Ministers met in private session at 10.[1] At 12:30 they were joined by their advisers. Secretary reported that there has been meeting of minds on written agreement on immediate measures in Germany. This agreement would be discussed by Acheson with Benelux Foreign Ministers and Lange only. (Text in Secto 45).[2]

Secretary reported that in the private session the US had explained possible troubles with Congress if no decision were reached on German problem. France, on other hand, could do no more than had previously been expressed without a further decision from its government.

There had been tripartite agreement, subject to minor revisions by deputies, on draft NATO resolution and draft NATO communiqué. (Texts in Secto 46 and 47).[3]

Secretary emphasized that these documents do not imply that this problem has been finalized. He noted that the basic question of German participation is still left open and the three governments will continue to work for a solution. In the Council these documents are not considered to be final but merely as statements by some of the members. It was agreed Marshall to take up postponement of Defense Committee meeting to October 28.

Sent Department Secto 43; Department repeat Paris unnumbered, London unnumbered, and Frankfort unnumbered.

ACHESON

[1] This private session is covered in Secto 44, *infra*.
[2] Scheduled for publication in volume IV.
[3] Secto 46, September 23, containing the draft resolution, is not printed. The approved text is printed in Secto 55, September 26, p. 350. Secto 47, September 23, containing the draft communiqué, is also not printed. The communiqué, issued by the Council at New York on September 26, is printed in Department of State *Bulletin*, October 9, 1950, p. 588.

740.5/9–2350 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 23, 1950—8:35 p. m.

Secto 44. Re Secto 43. Secretary opened private session[1] Foreign and Defense Ministers this morning by explaining our delicate situation re progress with European army in absence of agreement on German participation. He pointed out that French are unable change their position today; yet there is Atlantic Council Meeting next week and Defense Ministers meeting October 16, which would arouse continuing and increasing public interest in this matter. He considered German participation essential and it is necessary to find ways and

[1] For the text of a memorandum of conversation covering this meeting, see p. 1391.

means to deal in some way with questions at both forthcoming meetings.

Marshall then spoke forthrightly and with authority on difficulties which would be created for getting the necessary appropriations from Congress if some assurance cannot be given of German participation.

In reply to question by Acheson as to possibility of getting favorable action from French Parliament, Moch said that there is chance of getting a package agreement from Parliament, including German participation, but that Parliament would not meet until after Defense Ministers meeting. It was therefore decided to ask General Marshall to arrange for postponement meeting of Defense Ministers to October 28 in order to attempt to get favorable French parliamentary action.

Moch later enlarged privately to Acheson on contents of his package, which must include precise information on what French can expect from the United States under the aid program and how many and at what date US divisions would arrive in Europe. He said he needed much ammunition if he is to sell this package to his Parliament, but he was willing to try it if the ammunition is forthcoming. He thought his trip with Petsche in early October would be helpful.

Speaking privately after meeting, Bevin expressed skepticism as to obtaining French parliamentary agreement. Acheson disagreed since he felt that if French are given a sense of inevitability and pressed as much as possible they should come through before Defense Ministers meeting. If they did not, he would have to consider going ahead any way.

Sent Department Secto 44; Department repeat Frankfort unnumbered, London unnumbered, Paris unnumbered.

ACHESON

740.5/9–2550

Memorandum of Conversation, by the Acting Secretary of State

TOP SECRET [WASHINGTON,] September 25, 1950.

APPOINTMENT OF A SUPREME COMMANDER

I showed the President the pertinent part of the attached memorandum and he immediately indicated that he understood the value of having a commander designated prior to the actual commitment of forces in order that he could be in a position to spur the European countries on in getting the work done incident to the preparation of forces to be committed. He is agreeable to the position last suggested by Defense, but does feel that we need quite firm "assurance." The

President also feels that the kind of man he would wish to designate as Supreme Commander would hardly wish to accept such a designation until he is quite sure forces will be brought into being and committed, and that he will, therefore, have a command over which to exercise his authority.

The President indicated that as soon as we have the necessary assurances and commitments "on the line," he will have a Supreme Commander for us.

J[AMES E.] W[EBB]

[Enclosure]

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Under Secretary of State (Webb)

[WASHINGTON,] September 25, 1950.

Subject: Appointment of a Supreme Commander

The joint letter from State and Defense to the President on the creation of a European Force contained the following sentence (3rd paragraph in answer 6) on the appointment of a Supreme Commander:

"We recommend that an American national be appointed now as Chief of Staff and eventually as a Supreme Commander for the European defense force but only upon the request of the European nations and upon their assurance that they will provide sufficient forces, including adequate German units, to constitute a command reasonably capable of fulfilling its responsibilities."

In preparing the Resolution for the Council meeting tomorrow [1] the Deputies have submitted the following:

"The Supreme Commander will be appointed as soon as sufficient national forces in being have been committed to the integrated Force to enable the latter to be reasonably capable of fulfilling its responsibilities."

When this was shown to Defense they suggested the following wording:

"The Supreme Commander shall be appointed as soon as there is assurance that sufficient forces will be provided to the integrated Force to enable the latter to be reasonably capable of fulfilling its responsibilities."

The significance of the change is that in the latter version it would permit the appointment of a Supreme Commander before the European Force had actually been organized. The State Department has been

[1] September 26.

in favor of this position, but Defense insisted on the insertion [2] of the word "eventually" which meant that although a Chief of Staff could be appointed under assurances[,] the Commander himself will not be until Forces in being were committed to the integrated Force.

The latter version appears preferable in that it permits more flexibility. It is also believed that it provides adequate protection. In obtaining assurances we could ask for firm commitments and specific timetables.

We do not know whether Secretary Marshall has personally approved this change or not. We do not propose to advance it without his agreement.

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[2] In paragraph one above.

740.5/9–2350 : Telegram

The Acting Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort [1]

TOP SECRET WASHINGTON, September 25, 1950—4 p. m.

2313. Personal for McCloy from Byroade. Secto 45 Sept 23 to Dept from N.Y.,[2] repeated unnumbered to Frankfort, contains text of tripartite agreement on intermediate measures to be taken in Germany. Inasmuch as this agreement covers in certain cases matters already agreed, believe fol background as to how this agreement developed will be helpful.

Just prior departure Marshall for N.Y. he requested JCS give him by informal memo list immediate steps that might be taken in Germany. JCS points were delivered Marshall just prior beginning of 8th session on Sept. 22. Although he showed us the JCS memo at conference table, we were not aware he planned seek agreement Defense Mins on various points until agreement was reported to us subsequent to the private mtg of three Defense Mins.[3] Marshall reported he had read the various points in JCS memo to other two Mins and that they had reached complete agreement.

Marshall explained to us privately he had made this move as a matter of tactics and he considered receiving Moch's agreement to these immed steps somewhat committed Fr on question of ultimate Ger participation in integrated force. He held this view as they had agreed

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[1] Repeated to Paris as 1511 and London as 1584.

[2] See footnote 2, p. 343.

[3] Reference here is to the private meeting held during the recess mentioned in the closing section of Secto 41, p. 340.

to the various points in light of opening paragraph of memo which he had read to them. This paragraph was approximately as follows:

"We believe that the fol minimum measures shld be taken immed in Ger as steps towards the eventual participation of Ger units in an integrated force for the defense of Europe."

In a subsequent tripartite drafting session, we were informed by French that while Moch had agreed to JCS points in context of opening paragraph quoted above, this did not mean that Fr had accepted principle of Ger participation in such a force. It developed that misunderstanding was over use of word "eventual" which in Fr language indicates the connotation of "hypothetical". In view of this misunderstanding, the six Mins fol morning agreed change language to "as steps towards a fuller participation of Germany in the build-up of the defense of Europe" as contained in text which you already have.

We realize you may have some difficulty in dove-tailing implementation of these points into steps you have already taken or were planning take as result tripartite mtg on Germany but as practical matter consider it best that you attempt to work out these difficulties on ground rather than seek a more detailed mtg of minds on a governmental level at this time. In event you encounter tripartite or other difficulties, we will be glad seek greater clarification of these points from JCS. [Byroade.]

WEBB

740.5/9–2650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 26, 1950—9 : 11 p. m.

Secto 53. Department pass Defense. Following is summary [1] of Secretary's conversation with Norwegian and Benelux FonMins re German participation EDF. Secretary explained progress made in discussion subject matter with FonMins and DefMins of Big Three. Believed Moch left in a more cooperative frame of mind after General Marshall discussed military necessity of German participation and necessity for decision on this point before taking plan to US Congress. Secretary explained defense committee meeting postponed. In spite probable difficulty in House of Deputies believed Moch and Schuman would urge government to make favorable decision. Secretary read portions of tripartite agreement, the draft proposal for the council and the communiqué.

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[1] A memorandum of conversation on this meeting dated September 25, not printed, is in Department of State file 740.5/9–2550.

Bech noted difficulties French had in reaching decision; pointed out that many in France do not consider aggression serious danger. In event there is no aggression in next few years, German participation would result in a situation in which France again would be faced with a strong German army. He noted that Luxembourg would be influenced by French decision.

Lange noted that question on command of north European defense and problem of defending northern Norway would be raised by him in council next day.

Van Zeeland stressed going slow with French and asked about status of decision on ground defenses in Germany. Secretary said Marshall had termed massive defenses as possible military liability which would undesirably divide East and West Germany. Marshall also suggested that German units be kept below ⅕ entire force.

Bech said considering quality of German soldier ⅕ was formidable number. He suggested Marshall prepare friendly statement assuring that guarantees against rise of German military power would be part of general plan.

ACHESON

740.5/9–2650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 26, 1950—9 : 11 p. m.

Secto 56. Summary seventh meeting North Atlantic Council 3 p. m., September 26.

Secretary opened meeting by welcoming Danish Foreign Minister Rasmussen (not present at earlier meetings) and inquired if he had anything he wished to say.

Rasmussen made following statement: Frank exchange views in earlier Council meetings September 15–18 greatly facilitated Danish Government reaching decisions on integrated defense force and German participation therein. Danes agree (1) defense as far east in Germany as possible and (2) integrated defense force proposed by US. Danes understand each NAT government should as soon as possible indicate forces to be committed to integrated force and are studying this. However, due to geographic considerations Danish forces will be insufficient alone to defend Denmark and it is Danish understanding that one of tasks of integrated defense force is defense of all of WE including Denmark. Re German participation, Danes recognize need of utilizing all available forces for defense of WE and belive US proposal provides basis for German participation without reviving German militarism. Re NATO, Danes believe basic structure

should remain unchanged and in particular Council should continue to exercise its authority as supreme NATO body. Also feel strongly that relationship between SG and nonmembers should be improved. Danes share view of other small countries that fullest possible exchange of information on international political subjects of common interest should occur in deputies organization. Rasmussen concluded by stating implementation of arrangements for integrated force and Supreme Commander may require constitutional amendments. Consequently, Danish position set forth above condition on such an eventuality.

Secretary then reported his meeting on September 19 with Turkish Ambassador when he communicated Council decision re Turkey's desire join NAT. Secretary informed Council that Turks had not as yet replied so no approach has been made to Greece.

Report of deputies [1] was then formally approved.

Secretary then gave brief résumé of tri-meetings of US-UK-French Foreign and Defense Ministers on September 22–23.

Lange (Norway) then made general statement to effect Norway agrees that integrated force for defense of Europe is realistic and necessary step to strengthen NAT. Norway assumes integrated force under Supreme Commander will have task of organizing defense of all Europe including Norway and western approaches to Denmark. Believes there should be a northern European military theater under Supreme Commander and that in event of emergency part of integrated allied force would fall back to Denmark and Norway and approaches to Denmark. Norway also believes it important that NAT governments have proper channel and means of making known their views to supreme allied commander. Re German participation in integrated force, Norway agrees to principle provided there are sufficient guarantees to preventing resurgence German militarism and that West German Government desires to participate.

Portuguese Ambassador (acting for Foreign Minister) made long and involved statement indicating Portuguese agreement re German participation in defense of west. Re integrated force, Portugal has no objection subject to satisfactory agreement on number of points including fact that Supreme Commander may not station troops in a country without country's consent; that Supreme Commander and SG should not interfere with national force not committed to integrated force; that participation in integrated force is by free consent each country; that SG should not in matters which affect a particular country (nonmember of SG) impose its will on such country without

[1] North Atlantic Council Document C5–D/2. See footnote 2, p. 308.

full consultation and agreement; that Portugal cannot contribute forces integrated force because of its own commitments at home and overseas.

Secretary then proposed discussion of resolution paragraph by paragraph. After some discussion, resolution slightly amended was adopted. (Text in separate telegram.)[2]

Communiqué also slightly amended (final text in separate telegram).[3]

Secretary then turned over chairmanship for coming year to Van Zeeland. Both Bevin and Van Zeeland paid high tribute to Secretary's inspiring leadership and great contribution during past year. Van Zeeland adjourned meeting with understanding time and place of next Council meeting would be studied by deputies.

Department pass Defense, Brussels, Ottawa, Copenhagen, Paris, Rome, Hague, Oslo, Lisbon, London, Reykjavik, Luxembourg unnumbered.

ACHESON

[2] Telegram Secto 55, *infra*.
[3] Telegram Secto 47, September 23, not printed. The communiqué is printed in the Department of State *Bulletin*, October 9, 1950, p. 588.

740.5/9–2650 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 26, 1950—9 : 11 p. m.

Secto 55. Following is resolution agreed today in Council :[1]

The North Atlantic Council:

Having fully discussed the measures taken and planned for the defense of Western Europe;

and

Noting the resolution of the Council Deputies concerning the adequacy of such measures and agreeing with the deputies conclusions that the aggregate of the efforts so far reported are still far short of the requirements for the defense of Western Europe;

Concludes:

That the defense of Western Europe will require:

(*a*) The establishment at the earliest possible date of an integrated force under centralized command and control composed of forces made available by governments for the defense of Western Europe;

(*b*) The full utilization of manpower and productive resources available from all sources;

[1] This resolution is later referred to as Council Document C 5–D/11 (Final), "Resolution on the Defense of Western Europe," September 26, 1950.

Approves:

The concept of an integrated force adequate to deter aggression and ensure the defense of Western Europe, including Western Germany,

Agrees:

That such an integrated force shall be established at the earliest possible date, and that the composition, organization and command of such force shall be based upon the following principles:

1. The force shall be organized under the North Atlantic Treaty Organization and shall be subject to political and strategic guidance exercised by the appropriate agencies of the North Atlantic Treaty.

2. The force shall be under the command of a Supreme Commander. The geographic limits of his command in peacetime shall be clearly defined. He will in peacetime have sufficient delegated authority to ensure that the national units allocated to his command are organized and trained into an effective integrated force. He will exercise the full powers of a supreme commander in the event of war.

3. The Supreme Commander shall be appointed as soon as there is assurance that national forces will be made available for the integrated force adequate to enable the latter to be reasonably capable of fulfilling its responsibilities.

4. Pending the appointment of a Supreme Commander, there shall be appointed forthwith a Chief of Staff who shall be responsible, and be endowed with the necessary authority, for the organization and training of forces made available by the national governments.

5. The Supreme Commander, and pending his appointment the Chief of Staff, shall be provided with a combined international staff drawn from the nationals of all nations contributing to the force. The first task of the staff should be to plan and take the measures necessary to implement the organization of the integrated force.

6. The integrated force should be composed of national units. Governments concerned should make firm commitments at the earliest possible date as to the forces to be placed under the control of the Supreme Commander in peacetime, including the date upon which they will be placed under his control and as to the additional forces which will initially be placed under his command in the event of war.

7. The Standing Group shall be responsible for higher strategic direction in areas in which combined North Atlantic Treaty forces are operating. As such it will be the superior military body to which the Supreme Commander, and pending his appointment the Chief of Staff, will be responsible. It will also determine the military requirements of the integrated force.

Requests:

That the Defense Committee consider and recommend to the Council as a matter of urgency:

a. The detailed steps necessary to establish the integrated force in accordance with the foregoing principles.

b. The powers to be exercised by the Supreme Commander in peacetime and the geographical limits within which he should exercise them.

c. The method and timing of contributions by governments of national units in being to the integrated force.

d. The further authority, if any, which the standing group would require so as to ensure effective discharge of its responsibilities and also what adjustments in its organization and its present relations with the accredited representatives may be required to assure and improve the necessary close working relationship between the standing group and the member governments not represented on it.

e. The consequent changes and simplifications required in the existing military structure of the North Atlantic Treaty Organization and related military organizations.

f. The channel by which the higher direction of the integrated force as regards political considerations upon which strategic decisions should be based can most effectively be conveyed by the Council to the military agencies of the North Atlantic Treaty Organization.

Further states:

That it has considered the question of the nature, extent and timing of German participation in the build-up of the defense of Western Europe, and has noted that this matter is now under discussion by the three occupying powers with the German Federal Government. Since in the view of many of the ministers the proper and early solution of this problem is intimately connected with the successful implementation of the plan outlined above, that plan is not finalized at this time.

Accordingly requests:

The Defense Committee in the light of the information available at the time of its meeting, to make specific recommendations regarding the method by which, from the technical point of view, Germany could make its most useful contribution to the successful implementation of the plan, bearing in mind the unanimous conclusion of the Council that it would not serve the best interests of Europe or of Germany to bring into being a German national army or a German general staff.

Department pass Defense and interested Missions.

ACHESON

740.5/9–2650

Memorandum of Conversation, by the Assistant to the Secretary of State (Battle)

TOP SECRET [NEW YORK,] September 26, 1950.

Mr. Acheson told me tonight that he had talked briefly to Mr. Schuman following the North Atlantic Council meeting. Mr. Schuman

said that he was thinking, personally, that what he must do on the question of German participation in the North Atlantic Forces was to take the initiative. He said that he felt it important that France not be "drug on the end of a chain" [*sic*] in this matter. Mr. Schuman said that perhaps the way to do this was for the French and Germans to come to some sort of agreement, and he was now thinking what he could do to lead the development. He said that he was also considering the possibility of a Common Defense Budget between France and Germany, with the idea that the other six Ministers in Europe would eventually join him.

Mr. Acheson, in reporting this conversation to me, said he thought it important that we follow this very closely and consider closely what developments along this line would mean.

L[ucius] D. B[attle]

740.5/9–2650

Memorandum of Conversation, by the Acting Secretary of State

SECRET [Washington,] September 26, 1950.

Meeting With the President, Monday, September 25, 1950

I informed the President of my conversation with Mr. Acheson on Saturday, the 23rd,[1] along the following lines:

The French are not able at this time to accept German participation in a unified command even in principle. Moch appears to have changed from an opponent to an advocate. The French Parliament will meet on October 17 and it may be possible to get a resolution of the French position soon thereafter. General Marshall did a good job of explaining the basic nature of the decision, the main point of which is that if the French either will not face up to the issue or turn the program down Marshall, who will have to carry the burden with Congress both on our augmentation of forces and an augmented MDAP, cannot expect success. He must have some indication of progress on the part of both the British and the French. The Secretary had made clear that our proposals was one big concern and that we could not go forward on a piece-meal basis. However, he was prepared to agree to pass on to the military committees the problem of how Germany can participate and how the command will work. This gives time for further French consideration, but if the French cannot come in, the whole situation will probably disintegrate. Marshall had made the point that it was foolish to have the Defense Ministers

[1] Memorandum of conversation not found in Department of State files.

meeting on the 16th with the French Parliament convening on the 17th of October; that, therefore, the Defense Ministers should put over their meeting until October 28; that Moch had initiated discussions of the French financial problem and wanted to come over prior to the meeting on the 28th to discuss this. Moch also had pointed out that if we can see our way to help on the financial and production problems, then the German matter will be much easier to handle. France needs about $100,000,000 of raw materials and has to find some way to finance a substantial budget deficit. Moch was told we must thrash out the question with the Treasury, ECA, Budget, and other Departments. Harriman (who also participated in this conversation) felt that these problems should first be analyzed out in Paris. However, Mr. Acheson felt that there were certain high policy problems in connection with this decision which should be looked at here in Washington. He posed the questions in this manner: "Is what the French want to do the right thing for them to do?" "If so, are we prepared to share some proper part of the cost?" Both Marshall and Acheson feel that the financial problem is at the very heart of getting on with the program.

The President said he appreciated very much the way Mr. Acheson and General Marshall had presented the matter and felt that their judgment about exploration here should be followed up. I asked if he would like to make a statement himself to the Cabinet about this problem and he said that he believed that it would be better for Mr. Acheson to make such a statement. He indicated that on Friday there would be a discussion on certain reports on NSC 68[2] and that he felt that in connection with this discussion Mr. Acheson should be present and report on his conversations in New York so that this could form a starting point for discussions within the Government on how to get at the problems which Acheson and Marshall feel are the heart of getting on with the program.

JAMES E. WEBB

[2] For text of NSC 68, "United States Objectives and Programs for National Security" (a National Security Council Report to President Truman, April 14, 1950), see vol. I, p. 234.

740.5/9–3050 : Telegram

The Acting Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

TOP SECRET PRIORITY WASHINGTON, September 30, 1950—5 p. m.

2493. Personal for McCloy. As you know, the recent NATO resolution requested the Defense Ministers to recommend to the Council the

manner in which Germany could best contribute to the defense of Europe. The purpose of the reference of this problem to the Defense Ministers was to obtain their opinion as to the best manner in which Germany could contribute, from the military point of view, as well as to postpone decision on the German problem in view of the position of the French government. In any event, the Defense Ministers are committed to make recommendations on German contribution at the time of their meeting on Oct. 28. FYI only there is also a possibility that personal representatives of the Ministers of Defense may meet in Washington about October 20 to prepare for the meeting of the Ministers.

The basic need is of course a clearer line-up of German opinion in favor of the general plan but we also need at the earliest possible moment, in order to prepare for these meetings, a practical plan of procedure for the formation of German units with attendant safeguards. The ideal of course would be a joint HICOM German plan, but we doubt that this would be feasible within the time limit and due to the position of the French. In any event, it seems that the thinking of the Germans in some usable form should be obtained as we should avoid if at all possible the position we were in in the New York meetings, i.e. attempting to reach decision upon the details of German participation in the absence of the views of the Germans themselves.

From this distance it seems that we are faced with a particularly delicate and difficult problem as regards the next moves with the Germans. We have noted in ur tel 2572 [1] that Adenauer prefers initiative to come from the Allies. It was apparent from remarks from many of the Ministers in New York that we must avoid at all costs being placed in the position of asking for German assistance and thus placing them in a position to readily name their price.

We do not know what interpretation Kirkpatrick or Poncet [2] may place upon the decision of the Foreign Ministers that the entire defense question could be thoroughly discussed with Adenauer. However, we feel it gives you sufficient freedom to enable you to attempt to obtain German proposals. Our idea is that Adenauer being of course fully aware of the exact nature of our difficulties in New York put forward practical suggestions that would facilitate the problem of obtaining common agreement. If Adenauer could see his way clear to present his comments in a way that they could be used, perhaps after consultation with sufficient number of leaders in his Cabinet and Parliament in much the same way as we here clear our positions prior to

[1] In telegram 2572 from Frankfort, September 25, not printed, McCloy summarized a conversation he had with Adenauer on September 24.

[2] Ivone A. Kirkpatrick and André François-Poncet, U.K. and French High Commissioners for Germany, respectively.

making commitments in the foreign field, this might greatly ease our problem in the coming meetings of the Defense Ministers and the Deputies.

The difficult parts of the plan of procedure seem to be those which can best be worked out in Germany. These seem to revolve around what steps would have to be taken in the constitutional field in Germany, the nature of the ministry or ministries that would be necessary to bring into being and support German units, the safeguards that could be developed to make the plan more acceptable not only to the French but to German democratic elements, and a clarification of the aspects of the timing of the various moves as they would appear practical in Germany. While the basic safeguards in the command and supply field are already contained in the U.S. plan there are additional safeguards that could be worked in the plan to make it more acceptable. These might include such items as (*a*) maximum size of German units and overall strength; (*b*) Germany's role in the balanced force concept to be restricted to ground units; (*c*) restrictions on use of the old officer class and plans for training future German officers; (*d*) description of the militarization controls that would remain in Germany; and (*e*) the organization and function of the federal ministry pertaining to defense.

With regard to (*e*) above, we have been wondering whether it would be feasible for the Fed Rep to establish a German Defense Council which would be broadly representative of democratic elements in Germany. The details of this are not at all clear but it has been suggested that such an agency might do a great deal to preserve the democratic nature of the German units as well as to provide a means of obtaining, through representation on the Council, support of the workers through such elements as the trade unions.

Our thinking on the above is very tentative, nevertheless would greatly appreciate your views on a method of procedure so that work being done in Germany and here with Defense can be pieced together at a later date in preparation for the meetings next month.

WEBB

740.5/10–250

Memorandum by the Secretary of Defense (Marshall) to the Joint Chiefs of Staff

TOP SECRET WASHINGTON, October 2, 1950.

Subject: Integrated Force in Europe

In receiving the attached Council Resolution, C5–D/11 (Final),[1] General Bradley and I have agreed to request the Standing Group to make recommendations for the creation of an integrated force without

[1] Quoted in Secto 55, September 26, p. 350.

specific consideration of German participation. The question of German contribution, raised by the last paragraph of the Resolution, will be introduced only at the Defense Committee and by a unilateral United States proposal. I desire that the Joint Chiefs of Staff fully participate in both of these actions.

I request that the Joint Chiefs of Staff recommend to me, as a matter of priority, by 13 October 1950, their concept of a European defense force and the practical steps that should be taken to create the force. Your recommendations must, of necessity, be of sufficient scope and detail as to be the basis for the position of General Bradley and myself in making recommendations to carry out the actions requested by the Council. Your views will be the basis for my seeking agreement by the Defense Committee on the inclusion of German manpower and productive resources in the defense of Western Europe and should include the specific manner in which you believe this should be done.

The details of the creation of the force, and the question of command, should be proposed in such a way as not to be contingent on German participation but adaptable to her inclusion. The United States position continues to be that of non-concurrence in any integrated force which does not provide for German participation, but the determination of the German contribution must remain subject to further international negotiation.

G. C. Marshall

Editorial Note

The Government of Turkey, on October 2, accepted the invitation of the North Atlantic Council to associate itself with NATO in defense planning for the Mediterranean area. The Turkish *note verbale*, handed to Secretary of State Acheson by Ambassador Erkin on that date, is printed in the Department of State *Bulletin*, October 16, 1950, page 633.

The same invitation was extended to the Government of Greece on October 3 in a meeting between Acheson and Ambassador Athanase Politis in New York. The *note verbale* given to Politis at that time and the Greek Government's answering note of acceptance dated October 4, are printed *ibid.*

740.5/10–350 : Telegram

The Acting Secretary of State to the Embassy in France [1]

TOP SECRET Washington, October 3, 1950—6 p. m.

1711. At end NAC mtg New York Schuman told Sec he was thinking personally of taking initiative re Ger participation NA force. He

[1] Repeated for information to Frankfort as 2529 and London as 1740.

realized importance France not being "dragged along" and was considering what he cld do to bring about some sort of Franco-German agreement. In this connection he mentioned possibility common Franco-German defense budget with possibility other European Govts joining it.

We wld of course welcome Fr initiative leading to Ger participation. On other hand we wld deprecate anything which might delay progress on excuse Fr needed more time develop initiative.

There is one other aspect to be borne in mind. As you know, Fr proposals concerning common defense budget are to be dealt with by NATO subcommittee. We expect its discussions to result in something practicable and reasonably satis to all concerned though considerably less spectacular than original Fr proposals.

If Fr independently developed far-reaching arrangement for a continental European defense budget, it wld make our and Brit position in subcommittee, and such arrangements as it may agree upon, considerably more difficult.

We wld welcome your views and, subj to foregoing caution, your discreet encouragement to Schuman to develop initiative this field.

WEBB

740.5/10–550

Memorandum of Conversation, by the Director of the Policy Planning Staff (Nitze)

TOP SECRET [WASHINGTON,] October 5, 1950.

Participants: Secretary Acheson, General Marshall, Secretary Snyder,[1] Ambassador Harriman, Messrs. Foster, Martin and Nitze.

[Here follow General Marshall's brief description of drought conditions in Yugoslavia and comments by Marshall and Secretary of State Acheson on recent efforts to develop a European integrated defense force.]

Mr. Acheson then described his conversations with Bech of Luxembourg and Lange of Norway and others who felt that France was the key to the entire scheme for the defense of Europe. They were worried as to France's political and economic strength, and had some doubts as to the burden which France could stand. Secretary Acheson said that he felt the French should not be pushed too far. France must be strong to be a strong ally. He said that General Marshall had asked his people to go over the French military program and he thought

[1] Secretary of the Treasury.

that Treasury and the other interested agencies should go over the French financial position and that then the two analyses should be combined. Maybe we were contemplating too large a military program. It was for Secretary Marshall to determine what the minimum essential military program should be. He then asked how the others felt we should move on this problem. He said that he imagined the first step was to get further information as to the figures from the French technical people who were arriving on Friday (October 6).

Secretary Snyder said that given the correctness of the figures, the question of what we should do for others would still remain. He said he would be reluctant to take on additional financial commitments at this time. He said that the tax bill was coming up in November, and he thought we were going to have a very difficult time with it. It had been extremely difficult even to get the $5 billion increase in the last session. Pressure from the Congress had really been to get through tax reduction measures rather than tax increases. The Congress had not been serious at all about the excess profits tax bill. He was fearful of the reaction after the reassembling of Congress if the Congress felt that we were undertaking large new commitments with respect to the budgetary deficits of other countries.

Mr. Foster said he agreed that we should go slow lest we make too large a commitment to the French. We do not as yet have a balance of payments analysis, nor have we obtained a full picture of the requirements of other countries. He thought, however, that it was essential that we maintain the momentum of European defense efforts and that, perhaps, the answer could be found by means of a series of partial answers. Mr. Snyder said that it would be just as serious to find that we could not go through with the program as it would be to not start it in the first place. He said that if we should go through with the full program, we would be not in the insurance phase of a military buildup but in the phase of actual preparation for war.

Ambassador Harriman said he thought that there had not yet been any real trimming in the French military expenditures. He thought that they had too much in for their naval military expenditures. He also doubted whether assistance which would merely build up their gold reserves would be effective. Furthermore, he thought it was regrettable that we did not have the time to take up all of the estimates on a multilateral basis. If that work had been done, we could judge what the whole bill might be. He suggested that we might at least put together the total bill for the United Kingdom, France, and Germany. He pointed out, however, that there were 280 million people in Europe; that the national income of Europe was half of that of the United States; that the military program of the size we had all

been contemplating simply could not be done without assistance from the United States.

Secretary Snyder asked whether the Europeans to whom Secretary Acheson had talked had indicated how seriously they would take the raising of the French debt limit. Ambassador Harriman pointed out that inflation was latent in France. Secretary Snyder said that the French were not any closer to inflation than we were.

Secretary Acheson said that there were some clear time indications. U.S. High Commissioner McCloy said that the east Germans now have 50,000–60,000 well trained men and that they could easily triple this force in a very short period of time. Secretary Marshall pointed out that an effective force could be developed on the principle of having one thoroughly trained man between two men with relatively little training. He said it would be regrettable therefore if progress cannot be made at the Defense Ministers' meeting in October.

Secretary Snyder said that a number of labor people talked to him when he was in France and had compared a recent wage increase of 19¢ per hour in the United States with total wages of 22¢ in France. He thought this indicated that someone had gotten at the French labor people with a view to putting us in a position where we would have to finance the entire amount of the increased French military expenditures.

Ambassador Harriman spoke of the need of careful screening of the French military program. He stated that Pleven would welcome pressure on their military to cut out low priority items. He also raised the question of the French railroad deficit and the French war damage indemnity payments.

Secretary Acheson said that our problem was to weave together a sensible program in the light of the various considerations that had been raised. We would be in a pretty hopeless position if Europe should disappear.

Secretary Snyder said that we had equally serious problems with the United Kingdom. Their reserves were rising very rapidly and they were now talking of buying United States bonds in New York. He agreed, however, that most of the improvement in the United Kingdom reserves was balanced by an increase in United Kingdom liabilities in the sterling area.

Mr. Martin cautioned against any type of commitment which would in effect be a blank check. Many people are already conducting speculations against the dollar. Mr. Snyder pointed to the recent action with respect to the Canadian dollar, the possible revaluation of the Australian pound and to the possibility that even the pound sterling might be revalued. He said that all this made it appear that

the dollar was weakening, which increased his problems of debt management.

Secretary Acheson said it was clear that we had serious problems. We must be frank in looking at them. Our first approach must be to marshal all our facts and then see whether with these facts before us we could arrive at an intelligent approach. Ambassador Harriman said that we should face up to the reality that if we were to obtain the number of divisions contemplated, we should have to give the Europeans assistance.

Secretary Snyder returned to the difficulties of the tax bill. He foresaw a genuine battle in persuading the Congress that we would have to build up defense forces. Ambassador Harriman said that the defense of Europe was an integral part of the defense of the United States. The whole thing must be sold as one package. Secretary Snyder said that before going to the Congress, the administration must have a unified position with the economic problems tied into the whole defense problem.

Secretary Acheson asked whether it was necessary for the French to put in their entire military budget at once or whether it would be possible for them to put in a supplemental budget later. Mr. Martin said that would be virtually impossible under the French system. Secretary Snyder said that perhaps they would have to develop the type of leadership which could make it possible.

The meeting ended with Secretary Snyder asking whether it would be possible to have another meeting on Monday afternoon. He felt by that time we should have a better knowledge of the French figures.

740.5/10–650 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

SECRET BRUSSELS, October 6, 1950—6 p. m.

537. Yesterday Spaak said he felt that Western Europeans would more eagerly improve their defense effort if some outstanding person was appointed supreme commander of NATO armed forces with very large powers for their employ. Spaak did not feel that our more cautious proposal first to appoint chief of general staff and eventually supreme commander was calculated arouse much enthusiasm in Europe.

Spaak said that clearly Eisenhower[1] was man most qualified for task of supreme commander. He qualified Eisenhower as being in same

[1] General of the Army Dwight D. Eisenhower, President of Columbia University.

category with Churchill and Marshal Smuts [2] as the three most impressive great men he had met. He thought Eisenhower's name alone would do much in stimulating willingness supply more, and more effective, divisions.

MURPHY

[2] Winston S. Churchill and Field Marshal Jan Christian Smuts, Commander in Chief of South African defense forces, 1940–1949.

740.5/10–650

Draft Memorandum by a State–Defense Working Group, for the North Atlantic Council

TOP SECRET [WASHINGTON,] 6 October 1950.

RECOMMENDATIONS BY THE DEFENSE COMMITTEE REGARDING GERMAN CONTRIBUTION TO AN INTEGRATED FORCE

The Fifth Session of the North Atlantic Council requested the Defense Committee, in the light of the information available at the time of its meeting, to make specific recommendations regarding the method by which, from the technical point of view, Germany could make its most useful contribution to the successful implementation of the plan for an integrated force adequate to deter aggression and insure the defense of Western Europe, including Western Germany.

Noting the Council's conclusion that the defense of Europe will require the full utilization of manpower and productive resources from all sources, the Defense Committee is agreed that the most useful contribution by Western Germany toward the dual objectives of detering aggression and providing for the defense of Europe would be the means of establishing the defense line farther to the East. Having reviewed the recommendations as to major Force Levels to be achieved by each country by each year through 1954, the results of which are being transmitted separately,[1] and having also reviewed the report by the Military Committee on the capabilities for immediate defense, we have concluded that German participation in the forms of manpower and industrial potential is essential in order to provide a force that can effectively fulfill the above specifications including the defense of West German territory. From the military point of view, it would be impractical to commit our joint forces to the defense of Western Germany without the active participation of the people of that area.

[1] Recommendations and results not identified in Department of State files.

This participation should be in such a form that it precludes neutrality and insures the active assistance of the people of Western Germany by advance commitments as to its obligations, including those of military units, in the same formal manner as our respective governments are assuming such obligations. We believe that the integrated force for the defense of Europe provides the framework, through the command, staff and supply provisions already determined by the Council, for the assimilation of German units in such a manner as to preclude the formation of a German National Army and make unnecessary the formation of a German General Staff.

In consideration of the total size of the force required for the defense of Europe, it is recommended that military units contributed by Germany be in the form of balanced ground divisions. Units up to this size, with immediate commanders of their own nationality, are considered necessary for efficiency of supply and command, as well as to insure integration of German manpower in such a manner as to facilitate troop morale and inspire confidence and willing sacrifice on the part of the German people. The German divisions should be integrated with non-German units in the Corps and higher units.

The Committee recognizes that in the creation of German units certain safeguards are desirable in addition to the basic safeguards provided by the subordination of German divisions to the Supreme Commander and his international staff and by centralized direction of producement [*procurement?*] and supply. The following additional safeguards are therefore recommended:

(*a*) The number of German divisions at any time should not exceed one-fifth the total number of divisions in the integrated force.

(*b*) The Allies should retain general supervision of officer recruitment and sole reliance should not be placed on Germany's old officer class. At the earliest possible date training of German officers should be instituted under the general supervision of the Allies.

(*c*) The formation of an appropriate Federal Agency to perform necessary administrative and logistic functions should be permitted, but operational functions should be performed in the international staff of the Supreme Commander and the Federal Agency should be permitted no higher command prerogatives.

(*d*) There should remain prohibited and limited industries in Germany and a Military Security Board to enforce continued demilitarization controls. Necessary revisions of existing agreements in these matters would be subject to action by three Occupying Powers. Sufficient change in this regard should be made to allow Germany to raise and equip, without heavy equipment, the specified ground units; to produce small arms and light military equipment for the integrated force; to furnish raw materials, semi-finished products, and special tools and dies as determined necessary to the common effort by the MPSB.

We recommend that immediate steps be taken by the Occupying Powers to obtain German contribution to the integrated force in the form recommended herein, and that the formation of German units, under the safeguards specified herein, be initiated without delay subsequent to the establishment of the integrated force.

740.5/10–950

Memorandum of Conversation, by the Director of the Policy Planning Staff (Nitze)

TOP SECRET [WASHINGTON,] October 9, 1950.

Participants: Secretary Acheson, General Marshall, Secretary Snyder, Ambassador Harriman, Messrs. Bissell,[1] Martin and Nitze

Mr. Snyder said that he had requested today's meeting on the assumption that the work over the week end would have provided more information than was available last Thursday. He said that he understood that the work had not progressed far enough, however, for anyone to have clearer ideas than were had before.

[Here follows a section covering French budgetary problems.]

Secretary Snyder asked whether real progress was being made toward the creation of balanced unified forces so as to eliminate any duplication or overlapping as between countries. General Marshall said that the pick and shovel work was going forward rapidly and that he anticipated that the work would be well along prior to the meeting of the Defense Ministers.

General Marshall then brought up the question of securing French agreement to the incorporation of German units in a unified defense force. He said that he had read the memorandum[2] prepared in the Pentagon, in collaboration with Mr. Byroade and some of our other people, on the subject of the position which we should take with the French at the Defense Ministers' meeting and that he had serious reservations with this approach. He said it seemed to him that the memorandum addressed itself only to the subject of what our ultimate objectives were; it did not give much light as to how we would approach this ultimate objective. He said that his information was that there had been some development of French public opinion along lines favorable to our position, but that French public opinion was still a problem. He did not think that what was frightening the

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[1] Richard M. Bissell, Jr., Assistant Administrator for Program, ECA.

[2] See the draft memorandum by the State–Defense Working Group, October 6, *supra*.

French now would frighten them six months from now. He thought it important to attack the problem of the detailed practical arrangements which would be advisable in phasing the incorporation of German units into the European defense force, and to do this in the light of the negotiating problem he would face with the French. He did not feel that the memorandum, as originally prepared, provided him with any basis for successful negotiations with Mr. Moch. He said that unless we could do something about Germany, we would have to start on an entirely different line. He was not at all sure that another line could be found.

Secretary Acheson brought the discussion back to the French financial problem and suggested that, perhaps, we could work out a first step—an initial commitment—which would keep the program going.

Mr. Bissell said that a portion of the French request represented dollars which would be spent for actual purchases in dollar markets, but that the French also wanted dollar assistance which would go toward building up their dollar reserves.

Secretary Snyder said that if we were to make a commitment to the French along this basis we would be without footing when discussing similar problems with the other NAT countries.

Secretary Acheson suggested that we make an initial commitment which would cover direct added dollar outlays and, perhaps, some general assistance, but not go further than this now.

Mr. Bissell concurred, but said he thought that the amount of assistance we should contemplate should be computed on the assumption that the French gold and dollar reserves were not to increase. He said that the ECA computations indicated that the total amount of economic type of assistance for all NAT countries, including that made necessary by the rearmament program, would remain at approximately the rate contemplated for this year under the MDAP and ECA Acts. The ECA portion would be expected to decline by an amount approximately equivalent to the increase in the MDAP portion. In fact, if it were not for price increases, the overall total would probably be somewhat less in future years than at present.

Mr. Nitze said that, as he understood it, the successful defense of Europe was an integral part of the defense of the United States. In the event that it was not possible to maintain a beachhead on the continent of Europe, a successful outcome of a global war would be hard to foresee; that it would cost the United States less, both in terms of men and of money to cooperate with the Europeans in the development of a unified force for the defense of Europe than to increase the number of United States divisions stationed in Europe above those now contemplated. General Marshall said that that was correct, and

stated that it was a very expensive proposition to maintain United States forces in Europe.

General Marshall referred to a memorandum being prepared by a group of prominent educators, including President Conant at Harvard. The memorandum suggested that we adopt compulsory military service in the United States with the objective of creating United States forces sufficient to permit our stationing 500,000 men in Europe. He said he was not wholly in agreement with the ideas of this group as he understood them, but he thought there was an element in their thinking which we should take seriously. In maintaining a large standing army, we would have problems not only with the Congress, but also with the soldiers themselves. We were even now running into problems in calling up reserve officers similar to those which we have always met in calling up men under the Selective Service Act. He said that he realized that the future was uncertain, but we must be realistic in appraising what we were undertaking. It was of great importance that the European countries play their full part and a way be found to utilize German units. Perhaps as an initial step, we might contemplate incorporating German platoons in American divisions. In this way, our divisions could very rapidly be brought to an overstrength condition. Secretary Byrnes [3] had turned down a similar idea when it had arisen before, but, perhaps, we should reexamine it now.

It was agreed that the group would meet again prior to the initial discussions with Messrs. Moch and Petsche.

[3] James F. Byrnes, Secretary of State, 1945–1947.

S/S–NSC Files: Lot 63 D 351: NSC 82 Series

Memorandum by the Ambassador at Large (Jessup) to the Executive Secretary, National Security Council (Lay) [1]

TOP SECRET WASHINGTON, October 9, 1950.

Subject: First Progress Report on NSC 82, "United States Position Regarding Strengthening the Defense of Europe and the Nature of Germany's Contribution Thereto."

NSC 82 was approved as governmental policy on September 11, 1950.It is requested that this progress report as of October 9, 1950, be

[1] This memorandum was circulated to the National Security Council on October 9, 1950, as National Security Council Progress Report by the Department of State on the implementation of United States Position Regarding Strengthening the Defense of Europe and the Nature of Germany's Contribution Thereto (NSC 82).

NSC 82, September 11, is the same as the joint communication of September 8 from the Secretary of State and the Secretary of Defense to President Truman, p. 273.

circulated to the members of the National Security Council for their information.

The United States position based on NSC 82 was presented by Secretary Acheson at the fifth session of the North Atlantic Treaty Council in New York on September 15, 1950.[2]

The Council approved the concept of an integrated force for the defense of Western Europe based upon the principle, set forth in NSC 82, that it should be organized under the North Atlantic Treaty Organization and that it should be under a Supreme Commander who would be served by a combined international staff, headed by a Chief of Staff, drawn from nationals of all nations contributing to the force. It was also agreed that pending the appointment of a Supreme Commander, the Chief of Staff would be endowed with the necessary authority for the organization and training of the forces made available by the national governments.

The Council at the same time considered the question of the nature, extent, and timing of German participation in such an integrated force. Although a majority of the members were in general agreement with the principle that Germany should participate in the defense of Western Europe, providing that the West German Government so desired and that there were adequate safeguards to prevent a resurgence of German militarism, the French representative, on instructions from his Government, was unable to concur. Since in the view of many of the Ministers the proper and early solution of the problem of German participation was intimately connected with the successful implementation of the plan for an integrated force, the latter plan was not finalized by the Council.

The Council, accordingly, requested the Defense Committee in its forthcoming meeting on October 28 to make specific recommendations on the methods by which, from the technical point of view, Germany could make its most useful contribution to the successful implementation of the plans for the defense of Western Europe, bearing in mind the unanimous conclusion of the Council that it would not serve the best interests of Germany or Europe to bring into being a German national army or German general staff.

In order to explain the scope of the United States proposal more fully to the appropriate representatives of the French Government, the Secretary of State and the Security of Defense met with the French Foreign Minister and Minister of Defense in New York on September 22 and 23.[3] The French representatives undertook to ob-

[2] Regarding Secretary Acheson's expression of United States policy at the fifth session of the NATO Council on September 15, see telegrams Secto 17, September 16, and Secto 22, September 17, pp. 308 and 316.

[3] For a report on the conversations under reference here, see telegram Secto 42, September 23, from New York, p. 1394.

tain further consideration of the problem by the French Government. In the meantime, representatives of the Departments of State and Defense are preparing a United States position for consideration by the Defense Ministers, based on NSC 82 and in the light of further information which will be forthcoming from the United States representatives in France and Germany.

PHILIP C. JESSUP

740.5/10–1050

Memorandum by the Secretary of State

SECRET [WASHINGTON,] October 10, 1950.

Notes Growing Out of my Talk With Mr. Lovett [1]

I should make an appointment with General Marshall for tomorrow morning to go to the Pentagon to brief him on his talk with Moch. This should have special reference to the question of German participation. Mr. Lovett should be informed and should be there. Ambassador Bruce should go with me and possibly Mr. Perkins.

General Marshall has received a message, I believe from the Military Attaché in Paris, referring to his invitation to have a representative of Mr. Moch attend meetings with Mr. Lovett, beginning October 20. This message says that Mr. Moch declines to send anyone and will explain to General Marshall. It points out that the French Government was not supposed to have an answer on the German question until October 28 and therefore no deputy could discuss this matter. It goes on to say that Mr. Moch fails to see why deputies should discuss other questions since the standing group was supposed to begin its consideration of these questions on October 25. The message says Bruce has been informed about this.

I went over with Mr. Lovett our attitude with Mr. Moch on the question of German participation. He agrees that we should not withdraw from our position that we should keep the heat on the French; that if the French wish to turn down our proposal we should not try to think up another one, but should place upon them the burden of originating any new idea. We should insist that some solution of the German participation question is essential to the whole plan. It is quite possible in his view, indeed probable, that the solution cannot occur at the meeting on October 28, but steps should be taken so that we are on the road toward finding the solution.

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[1] Recently appointed Deputy Secretary of Defense.

740.5/10–1150 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

TOP SECRET NIACT FRANKFORT, October 11, 1950—9 p. m.

3032. Personal for Byroade from McCloy. Following are my comments on draft Joint State–Defense working committee paper [1] re German participation in defense force reurtel 2643.[2] I have some general comments as to the form and contents of this paper and some specific comments on the substance.

My thought is there should be two NATO papers, the first a short decision of the NATO Council stating that they have agreed in principle that Germany should be permitted to contribute to the defense of Western Europe and requesting the occupying powers to query the German Government as to whether they will agree in principle that West Germany will make a contribution in the form of German contingents and German resources to the defense of Western Europe subject to safeguards to be worked out with the occupying powers. A second document would set forth the limitations and safeguards under which German participation would be accepted. This latter document would be agreed in NATO as the basis of discussion by the occupying powers with the Federal German Government and should not be made public. The occupying powers would be requested to undertake these discussions with the Federal Republic after the Federal Republic had formally indicated its willingness in principle to participate in Western European defense. I am informed that Adenauer would like the question posed to the Bonn Government initially in such a way as to enable him to obtain Bundestag agreement in principle and avoid discussion of specific safeguards. Further, it seems to me that this approach does not tie the hands of the occupying powers too tightly in their efforts to obtain German participation and avoids the appearance of presenting a frozen position to the Germans without any prior discussion of the problem with them. I also have in mind the matter of publicity. It will, of course, be known that certain safeguards and limitations on German participation have been discussed in NATO, but agreement on such safeguards should not be made public nor give the impression of a fixed position by the Allies prior to discussion by the occupying powers and the Federal Republic.

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[1] Dated October 6, p. 362.

[2] Telegram 2643 to Frankfort, October 7, not printed, quoted the draft joint State–Defense working committee paper and asked for McCloy's comments (762A.5/10–750).

My specific comments on the substance of the draft follows by paragraphs:

1. No comment.

2. Second sentence. I doubt if it is advisable to state so bluntly that German participation is "essential" in order to provide a force that can effectively defend Western Europe, including West Germany. It might be better to restate this in terms of the Foreign Ministers' declaration that they will defend Western Germany and hence Germany should be asked to contribute forces to aid in its own defense and the defense of Western Europe. In third sentence, suggest addition of the words "and willing" between "active" and "participation". In last sentence, suggest deletion of the words "make unnecessary formation of".

3. Feel strongly that words "and tactical air units" should be added to the end of first sentence. I think it is unreasonable to deny the Germans a tactical air force, and feel it is essential in building up a strong air-ground team, that the Germans be permitted to form their own tactical air units. Germans must have liaison-spotting planes for artillery observation. Further, tactical air support is as necessary to ground forces as artillery is to infantry. Our security should lie in fact they cannot build or have planes except as Allies provide them.

4. In first sentence, "centralized direction of procurement and supply" is not clear and was misunderstood by EUCOM. They interpreted this to mean control of L of C and issue of supplies by NATO rather than, what we judged to be the real intent, a centralized direction of production and supply through strengthening MPSB in line with proposals made in New York.

4(*a*) Suggest following revision:

"(A) Number of German divisions at any time should be as agreed by NATO."

(B) Suggest re-draft as follows:

"Allies should retain general supervision of political reliability of officer personnel. However, German Federal Government will be responsible for recruitment and initial selection. At earliest possible date training of German officers should be instituted under general supervision of the Supreme Command."

(C) Suggest re-draft as follows:

"Formation of an appropriate federal agency to perform necessary administrative, logistic, and organizational and preliminary training functions should be permitted but all non-tactical operational and non-tactical intelligence functions should be performed in international staff of Supreme Commander."

(D) Revise to include permission for Germany to organize tactical air units and prohibition against manufacture of aircraft. There is also implication that MPSB makes determination on which Germans act. Felt that determination by MPSB should be guidance to occupying powers in operations of Military Security Board, at least until such time as Western Germany becomes full-fledged member of NATO.

5. Suggest following re-draft:

"We recommend that the occupying powers invite the Federal Republic to make a contribution to the integrated force for its

own defense and to defense of Western Europe, and to undertake discussions with the Federal Republic as to the form and nature of such contributions based upon the recommendations submitted herewith. We recommend that these discussions take place immediately so that the formation of German units can be initiated at the earliest practicable time." Meaning of the words, "subsequent to establishment of integrated force", not clear here. Is it intended that action to initiate formation of German units will not be undertaken until Supreme Commander is appointed, or can such action go forward on appointment of COSSAC or receipt by NATO of firm country commitments of forces to integrated force? I feel that Germans should be permitted to go ahead when COSSAC appointed, and certainly not later than time when firm commitments have been received from participating countries.

We have discussed with Handy your 2493 of 29 September. Handy has forwarded to Army cable giving HICOG–EuCom views covering questions raised in reference telegram. Your questions also partially answered in my 2919, 8 October.[3]

Reference urtel 2459, 30[*29*] September,[4] appreciate freedom of action authorized in carrying out German manpower agreement. I am informed that Germans are submitting their plans for establishment of Guard Mobile within the week.

Forwarding by separate cable summation of unofficial German views on German participation in integrated European force.

McCloy

[3] Telegram 2919 from Frankfort, not printed (762A.5/10–850).
[4] Telegram 2459 to Frankfort, September 29, not printed (762A.5/9–2750).

740.5/10–1450

Memorandum by the Deputy Under Secretary of State (Matthews) to the Secretary of State

TOP SECRET [Washington,] October 14, 1950.

In connection with the preparatory work for the Defense Committee Meeting on October 28th, I enclose two memoranda from the Joint Chiefs of Staff to General Marshall setting forth the Joint Chiefs' views on: 1) The Establishment of an Integrated European Defense Force; 2) The German Contribution to an Integrated Force. These are the two subjects to be examined by the Defense Committee on which we have the most direct interest.

The Office of the Secretary of Defense has expressed the strong hope that our comments will be available sometime Monday afternoon so that General Marshall can give them his consideration. The urgency

stems from the fact that it is planned that the U.S. views on German participation will be made available to the Representatives of the Defense Ministers on next Wednesday.

We are preparing draft memoranda of comment on these two papers during the week-end which I will discuss with Paul Nitze, George Perkins, Henry Byroade and Doug MacArthur on Monday morning. We would thus hope to discuss them with you some time Monday afternoon following your morning meeting with the French.

We are also expecting further papers from the Chiefs which we are told we may receive some time this afternoon.

In connection with the North Atlantic Treaty Military Command setup, you will be interested to know that the Standing Group is now thinking in terms of the following three High Commands under the North Atlantic Treaty Organization: 1) The Supreme Commander of SHAPE; 2) a High Command (Navy) for the Atlantic Ocean; 3) a High Command (Navy) for the Mediterranean. This explains the reason for the term "Supreme Commanders" in paragraph 10 of the attached memorandum on Integrated Force.

[Annex 1]

MEMORANDUM FOR THE SECRETARY OF DEFENSE

WASHINGTON, 13 October 1950.

Subject: Integrated Force in Europe (Establishment of a European Defense Force).

1. The Joint Chiefs of Staff have considered your memorandum dated 2 October 1950,[1] subject, "Integrated Force in Europe", wherein you request their recommendations, as a matter of priority, on the concept of a European defense force and the practical steps that should be taken to create the force.

2. With regard to the concept of a European defense force, the Joint Chiefs of Staff have reviewed North Atlantic Council Resolution C5–D/11 (Final)[2] and have noted particularly the principles enumerated in paragraphs 1 through 7 of that document. They are of the opinion that these principles give reasonable expression to the concept of an integrated European defense force. Inasmuch as these principles in Resolution C5–D/11 (Final) are now overriding, and as they are in accord with the views of the Joint Chiefs of Staff, it is not considered that the further development of a statement by them regarding the concept of this force would be fruitful. Accordingly,

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[1] *Ante*, p. 356.
[2] Quoted in Secto 55, September 26, p. 350.

they recommend that you consider items 1 through 7 of Resolution C5–D/11 (Final) as an adequate expression of the concept of a European defense force. More detailed information on various aspects of the establishment of this force will be presented in a series of papers now being prepared which will deal with the various items and subitems to be considered by the Defense Committee.

3. Establishment of the integrated European defense force will require, in the opinion of the Joint Chiefs of Staff, the accomplishment of certain detailed steps among the first of which is the designation of a Supreme Allied Commander, Europe. Inasmuch as the Supreme Allied Commander should participate to the maximum extent possible in the formation of this force, it is considered essential that he be appointed at once. Inclusive of this appointment, the detailed actions considered necessary are listed below. Certain of these steps can and should be undertaken simultaneously, and the timing of others will depend on progress. Therefore, with the exception of the first item, in subparagraph *a* below, the numerical order in which they have been placed is not intended to fix the order of accomplishment. Parenthetical notes have been added where pertinent to acquaint you with current thinking of the Joint Chiefs of Staff in regard to some of these steps.

a. Designate the Supreme Allied Commander, Europe at once. (The Joint Chiefs of Staff believe that this first step of the Defense Committee is a matter of the greatest importance and urgency. They have become convinced that, because of the unfolding situation, the problem of rapid development of European defense forces can be solved with that degree of effectiveness which is now essential only if an officer of the highest stature is immediately designated to take charge of the task from its inception. It is obvious that this officer should previously have been agreed upon by the responsible U.S. authorities.)

b. Issue basic directive for guidance of the Supreme Allied Commander. (The Joint Chiefs of Staff consider that this directive should consist of a very direct and concise statement of the functions and responsibilities of the Commander with the very minimum of restrictive detail. It should be drafted by the Standing Group and finally approved by the Defense Committee.)

c. Designate the location of Supreme Headquarters Atlantic Powers Europe (SHAPE). (There are a variety of factors influencing this location. The Joint Chiefs of Staff tentatively favor the location of SHAPE MAIN on the European Continent. The location should be recommended by the Standing Group with final approval by the Defense Committee.)

d. Provide the Supreme Commander, Europe with initial funds for establishment of SHAPE. (This is the responsibility of the Defense, Finance and Economic Committee (DFEC).)

e. Provide an international staff and other necessary personnel for SHAPE. (Requirements are to be submitted by the Supreme Allied Commander, Europe for final approval of the Military Committee.)

f. Designate the forces which each nation is to place under control of SHAPE initially and establish specific dates on which this action will take place. (Recommendations should be made by the Standing Group for final approval by the Defense Committee.)

g. Provide funds for operations of SHAPE for following year, after consideration of budget prepared by the Supreme Allied Commander. (This is the responsibility of DFEC.)

h. Provide for formation of German forces and their incorporation into the integrated force, contingent upon North Atlantic Treaty Organization (NATO) agreement. (Details are being covered in a separate paper.[3])

i. Establish commitments of additional forces for peacetime assignment and of forces to be assigned on mobilization. (These should be recommended by the Standing Group for final approval of the Defense Committee.)

4. It is the opinion of the Joint Chiefs of Staff that the U.S. position concerning the integration of German units into a European defense force has already been cogently set forth at the recent meetings of the North Atlantic Council. Since the only serious opposition to the integration of German units was voiced by the French representatives and since the U.S. position continues to be that of a nonconcurrence in any integrated force which does not provide for German participation, and in view of the fact that the determination of the German contribution must remain subject to further international negotiation, the concepts set forth herein should be accepted as the U.S. position only in the event of favorable resolution of the question of German participation. Further details as to the inclusion of German forces and production resources for the defense of Western Europe will be furnished in a separate position paper, "Contribution of Germany to Defense of Western Europe",[4] agenda Item 4, for the Defense Committee meeting.

5. The Joint Chiefs of Staff have considered the Resolution C5–D/11 (Final) wherein the Council requests, *inter alia*, that the Defense Committee consider and recommend to the Council, as a matter of urgency (subparagraph *f*):

"The channel by which the higher direction of the integrated force as regards political considerations upon which strategic decisions should be based, can most effectively be conveyed by the Council to the military agencies of the NATO."

6. The fundamental requirements are that this channel must enable the expeditious flow of political guidance to the military agencies

[3] Annex 2, below.

[4] This paper is presumably the one referred to in Annex 2, below, as Appendix "A," not printed.

when required; it must reassure the sovereign NATO countries of proper continuing civilian influence; it must ensure a full audience for each country; and it must not hamper unduly the operations of the Supreme Allied Commander, Europe when appointed.

7. It appears that the Council of Deputies, being the only higher civilian NATO body in the chain of control in continuous session, should be the sounding board for political considerations. As such, the Council of Deputies should furnish political guidance to the Standing Group as appropriate during the time when the Defense and Military Committees are not in session.

8. It is considered that the Standing Group, upon receipt of such political guidance, should ensure its reflection in strategic direction to lower military agencies. In the event that political guidance appears militarily unacceptable or in conflict with strategic concepts previously approved by higher NATO agencies, the Standing Group should immediately request guidance from the Military Committee.

9. It is not the intent that these measures abrogate or infringe on the responsibilities of the Defense Committee or of the Military Committee. In order that these organizations can suitably discharge their functions, the Standing Group shall keep appropriate records of communications from the Council of Deputies and of Standing Group action thereon for the information of the Military and Defense Committee at their call.

10. It is considered that the channeling of political guidance to the Supreme Commanders through the Standing Group would provide the necessary freedom of action for these operational commanders within their agreed terms of reference.

11. The Joint Chiefs of Staff request that the above views be coordinated with the Secretary of State in order to establish the U.S. position on this question to be introduced at the October meeting of the Military Committee.

For the Joint Chiefs of Staff:
W. G. Lalor
Rear Admiral, U.S. Navy (Ret.)
Secretary

[Annex 2]

Memorandum for the Secretary of Defense

Washington, 13 October 1950.

Subject: German Contribution to an Integrated Force.

1. In response to your memoranda of 11 October 1950 and 12 October 1950, regarding West German contribution to the integrated force,

there is submitted herewith as Appendix "A" a copy of the proposed tentative draft of the resolution with changes recommended by the Joint Chiefs of Staff indicated in the usual manner.[5]

2. The Joint Chiefs of Staff consider that the purpose of the paper is two-fold: first, to justify a West German contribution primarily in the form of ground combat divisions rather than labor troops and fortifications; second, to present a method by which the contribution can be made.

3. In proposing the addition of details to the working group draft, the Joint Chiefs of Staff have omitted specific details of procurement of equipment from non-German sources. If questions on procurement are put by the Defense Ministers, the Department of Defense position should be that it is the present thinking of the Department that a Military Assistance Advisory Group will be established in Germany, the Germans will submit their deficiency requirements to that Group, and thenceforth the matter will be processed through Mutual Defense Assistance Program (MDAP) channels in the usual manner. A report on the effect of German arming on MDAP allocations is contained in Appendix "B".[6]

4. In addition to the above, the Joint Chiefs of Staff recommend that you utilize the following as a basis for discussion at the forthcoming meeting:

a. The North Atlantic Council has concluded "that the defense of Western Europe will require full utilization of manpower and productive resources available from all sources" (Document C5–D/11 (Final)); and the United States considers that an adequate defense of Western Europe without using German manpower and production resources would be most difficult, and that any satisfactory defense of the North Atlantic Treaty Organization countries of Western Europe must therefore include Western Germany.

b. In utilizing German resources the United States opposes any resurgence of German militarism, in accordance with the Council's conclusion "that it would not serve the best interests of Europe or of Germany to bring into being a German national army or a German general staff" (Document C5–D/11 (Final)).

c. German forces should not be developed at the expense of other Allied forces nor should they be permitted to develop at a rate or to a degree that would constitute a threat to Allied security.

d. The longer Germany is excluded from contributing to the defense of Western Europe the greater will be the ultimate danger of the

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[5] Appendix "A," not printed, entitled "Draft Memorandum for the North Atlantic Council" on the subject "Recommendations by the Defense Committee regarding German Contributions to an Integrated Force," was subsequently revised and considered by the Defense Committee as a basis for an answer to Council Document C5–D/11 (Final). In this revised form, it was circulated to the Defense Committee as Defense Committee Document D.C. 29, October 26, 1950, p. 406, and became known as the American proposal.

[6] Not printed.

creation of a German National Army, and, in the meantime, German economic power without the burden of additional defense costs will probably surpass that of the other European states.

e. It will be extremely difficult, if not impossible, to convince the United States Congress and American people that sacrifices must be made to rearm Europe and assist in its defense while, at the same time, available German resources are not utilized.

f. The United States position continues to be that of nonconcurrence in any integrated force which does not provide for German participation. Therefore, if agreement is not reached in the forthcoming meetings of the Defense and Military Committees of the North Atlantic Treaty Organization on the question of the immediate initiation of the organization of German military units within the integrated force for the defense of Western Europe, the Joint Chiefs of Staff are firmly of the opinion that the United States course of action for the conduct of a war against the USSR, including the magnitude and extent of the United States contribution to the defense of Western Europe, should be reexamined by the United States.

5. In the event that a deadlock develops at the Defense Committee Meetings, the Joint Chiefs of Staff suggest that the plan in Appendix "C" [7] hereto might be proposed as additional intermediate steps toward the eventual creation of German divisions, with the clear understanding that these are preliminary steps toward our objective. Similar action should be taken by the British and French in their zones, pending authorization for the creation of German divisions.

For the Joint Chiefs of Staff:

W. G. Lalor

Rear Admiral, U.S. Navy (Ret.)

Secretary

[7] "Additional Intermediate Measures: Program for Formation of West German Battalions and Smaller Units, to be Attached to U.S. Forces in Germany" (extracted from General Handy's Plan for the Employment of German Labor Service Personnel), not printed (740.5/10–1650).

762A.5/10–1550: Telegram

The Chargé in France (Bohlen) to the Secretary of State

TOP SECRET NIACT

Paris, October 15, 1950—7 p. m.

2009. Eyes only for the Secretary and Ambassador Bruce. No distribution except as directed by Secretary's Office. Clappier,[1] Bourbon-Bousset and De Margerie [2] asked me to come to see them personally this morning on a matter of great importance and urgency. They said

[1] Bernard Clappier, Schuman's "Cabinet Director."

[2] Christian Jacquin de Margerie, Assistant Director, French Foreign Ministry.

in accordance with decision of last Cabinet the various ministers were considering individually possibilities of dealing with the impasse which had arisen in connection with German rearmament. Without in any way committing Schuman directly, they made it clear that he was considering a possible French initiative along following lines for presentation at Cabinet meeting on October 18 which is to deal with this question. They also indicated Pleven and René Mayer [3] were in sympathy with this idea but anticipated some resistance from other members of government, in particular Moch. They impressed upon me importance of maintaining absolute secrecy in this matter and particularly requested that no intimation of the line of Schuman's thought should be given to Petsche or Moch in Washington.

Clappier gave me outline of thinking of Quai d'Orsay which might form basis of Schuman's presentation as follows in rough translation:

Verbatim text "Faithful to its policy of union in which it has taken the initiative in Europe, France remains convinced that present task of European nations is to organize their defense and to take to this end the necessary measures, particularly in the financial sphere, by the establishment of a common defense budget.

This can only be assured by the nations which are members of the Council of Europe and by the powers which are disposed to associate themselves with these nations.

Since Germany is a member of the Council of Europe, France will not refuse to undertake a study concerning the possibility of a German contribution to the organization of the defense of Western Europe.

This possibility (*éventualité*) shall become definite (*se précisera*) when the formation of the unified forces recently decided by the Atlantic Council will have entered into the area of an accomplished fact and when the implementation of a substantial part of the programs fixed for the signatory powers will have been achieved." *End verbatim text.*

Clappier elaborated on this general thesis as follows:

1. The general idea was an initiative comparable in every respect to the Schuman Plan by France in the sphere of Western European defense.

2. That this initiative could only be undertaken if and when the Schuman Plan had been successfully negotiated, which he expected would be decided one way or the other within one month's time. He personally estimated that there was about 80 percent chance that Schuman Plan would be adopted. The principal difficulty as has already been reported is the equalization of costs, especially in relation to the high cost of Belgian coal production.

3. That immediately following the successful negotiation of the Schuman Plan, France would make an announcement somewhat along lines of above memorandum, while welcoming English or other par-

[3] French Minister of Justice.

ticipation they expect it would be an initiative for the creation of a European continental army within the North Atlantic framework and together with British and American forces would form one of the components of the defense of North Atlantic area in Europe under the general control of the staff discussed at New York.

Clappier said that what was necessary was some indication, obviously without any commitment whatsoever, as to whether or not this possible solution of the German rearmament impasse would be favorably regarded by the US Government. He said that it was anticipated that this suggestion if advanced at Cabinet meeting on October 18 would run into some opposition of other members of French Government and that a private indication from US that its general lines were not unacceptable would be necessary before Schuman would present it since obviously this would be one of the first questions asked at Cabinet.

In reply to my questions, Clappier indicated the following:

a. As in the Schuman Plan, within the framework of this proposal Germany would enjoy a status of equality, subject of course to the restrictions and controls which already existed as a result of the tripartite occupation and which could only be changed by tripartite action.

b. He did not anticipate any difficulty in regard to Brussels Treaty commitments since in French view the development of the Atlantic Pact is already radically altering the organizational structure of the Brussels Treaty without affecting its political commitments.

c. He saw no contradiction between the idea of a combined staff discussed at New York which an American might head and the concept envisaged by this proposed initiative since the possible European army thus created would be under the NATO staff setup for Europe.

d. With reference to last paragraph and timing, Clappier stated that by next July it would be possible to estimate what progress had been made in implementing the decisions taken by the North Atlantic Council and he believes that by that date the study period could come to an end and the possibility of implementation could begin. He mentioned in this connection that if in July it was apparent that the ten divisions planned under the French military program would be in existence by end of 1951 he felt this would satisfy the requirements of the last paragraph of above memorandum.

It is clear that this is a FonOff idea which has already been discussed with Schuman and which he is thinking of putting forward at Cabinet meeting on October 18 but is understandably reluctant to do so unless he has some indication as to the US attitude.

My personal opinion is that this idea has obvious merit in that:

1. It would commit France (if the Schuman Plan is successfully negotiated) within a very short time publicly to principle of German participation in defense of Western Europe.

2. Being a French initiative it would go far towards mitigating, as did the Schuman Plan, the internal political opposition which anything connected with Germany can so easily raise in this country.
3. It would, if taken seriously and in good faith by French Government, probably be acceptable to German sentiment as we discussed last week with McCloy through the promotion of the idea of a continental European army within framework of the North Atlantic Pact.
4. If successful, together with Schuman Plan, it would mark tremendous advance toward European union.
5. If undertaken seriously and in good faith by French Government, the time lag between announcement and actual implementation would be no greater than I understand was indicated by the Secretary at New York in connection with actual execution of German military contribution to defense of Europe.

The drawbacks, however, I see as follows:

1. It might turn over to a purely European (probably continental) group the responsibility without US participation for the vital question of German military contribution to European defense and should the study and negotiations envisaged in this program bog down, it might be difficult for us to intervene successfully.
2. Given the French sentiment on this subject, it might easily turn into a purely delaying actions which would result in the waste of possibly as much as nine months to a year in working out German participation.
3. It is almost certain to encounter strong opposition from Great Britain who following its attitude on Schuman Plan would almost certainly refuse to participate and probably might obstruct from outside.
4. It would postpone the decision on eventual German participation from the October 28 meeting of Defense Committee until some later date depending on when the negotiations on Schuman Plan would be successfully concluded.

Clappier, De Margerie and Bourbon Bousset emphasized the vital necessity of complete secrecy on this matter if anything along those lines is to be done at the Cabinet meeting on October 18.

I told Clappier that I obviously was in no position to indicate what would be the reaction of my government to Schuman's idea on this problem but would transmit it to Washington with the maximum guarantee possible of secrecy and would get word back to them possibly by telephone from London or by personal return if necessary before Cabinet meeting on 18 October.

Apart from myself only Bonsal in the Embassy has knowledge of this subject. I am leaving under instructions for London tonight but expect to return to Paris at latest Tuesday evening and will call you (Bruce) by telephone Monday evening at 5 p. m. London time (11 a. m. Washington time).

BOHLEN

740.5/10–1650

The Secretary of State to the Secretary of Defense (Marshall)

TOP SECRET [WASHINGTON,] October 16, 1950.

DEAR MR. SECRETARY: I have reviewed the Memorandum of October 13th addressed to you by the Joint Chiefs of Staff on the subject of German contribution to the integrated force and Appendix A[1] thereto which contains the changes recommended by the Joint Chiefs of Staff in the draft memorandum for the North Atlantic Council on the same subject.

I consider both the memorandum and the appendix thereto, to be in general satisfactory, subject to the following comments.

With reference to the memorandum of October 13, my first comment refers to Paragraph 3 and is a matter of detail. The second sentence of that paragraph leaves the impression that U.S. agencies alone will be involved in meeting deficiency requirements of the Germans. A suggested method of correcting this impression would be along the lines of the following two sentences: "If questions on procurement are put by the Defense Ministers, the Department of Defense position should be that this matter will be handled by the appropriate NATO and U.S. agencies concerned with assistance. It is the present thinking in the Department that the United States, for its part, would establish a military assistance advisory group in Germany."

It is suggested that the thought expressed in Paragraph C on Page 2 of the memorandum would be appropriate for inclusion in Appendix A and might profitably be included therein before distribution to representatives of other nations.

The concluding phrase of the sentence of Paragraph D expresses an important thought but in such a manner as to invite argument that Germany could play her role merely by assuming vastly expanded expenditures in support of others; i.e. occupation costs. If this thought is used it might be expressed as follows: "and, in the meantime, in the absence of a sense of mission in the defense field commensurate with a dignified role therein, she will be free to profit while other economies are heavily burdened in the defense effort."

The subject matter of Paragraph 4F of the memorandum is one of increasing concern to me. We are in complete agreement on the necessity of having German participation in the integrated force for Europe. We have likewise agreed that the essentiality of German participation was such that we would make it a condition precedent to our support of the entire integrated force concept. I do not propose

[1] See memorandum by Matthews, October 13, Annex 2, p. 375.

that we change our position in this regard at this time but rather suggest that we leave open the possibility of a reexamination of our position on this matter as time proceeds. If there is continued delay of securing agreement of the French Government to the plan which we have placed before them, we will rather quickly arrive at a situation where we must, under our present position, delay our moves for support of the integrated force. When that moment arrives, it may be that delay in creation of the integrated force will not appear to be in the best interests of the United States. This would be particularly true if we were convinced by that time that the French Government would be able, within a relatively short period of time, to agree to German participation in the force.

It would likewise be desirable, from my point of view, if we could postpone decision on the substance of Paragraph 5 of the memorandum until a later date. The question of the desirability of the submission of an alternate plan for proceeding in Germany is difficult to decide pending further development of the French attitude prior to the meeting of the Defense Ministers. This bears somewhat on the thinking expressed in the paragraph above and represents the major policy decision before us. I believe we should continue to examine and develop all possible alternative methods of procedure, including that proposed by the JCS based upon the plan of General Handy.

In the consideration of alternate plans or intermediate steps that might be taken in Germany, it is most important that we bear in mind the political situation in Germany and the current expression of opinion of many of the German people. In our opinion the latitude available to us in attempting to find a method of proceeding to which the Germans will respond is not great. It is clear for instance that the Germans do not wish steps taken on a purely national basis for the provision of armed units while at the same time there would be little support for a solution which does not afford them a substantial measure of equality. The plan of transformation of Labor Service units to battalions for attachment to Allied forces in Germany has the disadvantage of not meeting the second criteria above, especially as the plan for German Divisions in the integrated force has received great publicity.

[Here follow six paragraphs containing suggestions of a minor nature relating to Appendix A.]

It is assumed that Appendix B and C are not intended for distribution to the representatives of other nations.

Sincerely yours, D. A[CHESON]

740.5/10–1650 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, October 16, 1950—7 p. m.

1963. At mtg this morning with Petsche and Moch Secy made oral statement covering fol points:

1. US accepts general lines proposed Fr mil effort for NATO and in IC as necessary, and is prepared to do what it can and properly shld [to] see it can be carried out without serious risk Fr polit and econ stability.
2. In general prefer contributions NAT defense be based on discussions in NATO.
3. Recognize, pending completion NATO work on MTDP, need for immed contribution NATO program and IC defense.
4. Expediting end-item programs particularly for IC.
5. For other than end-item programs, data available make accurate judgments as to amts required achieve program without serious risk inflation very difficult.
6. In view above and limit on firm US commitment to funds available in our FY 51, prepared make immed commitment $200 million. so far as it can be obligated up to end of US FY 51, half-way thru Fr FY.
7. This amt will be taken into account in multilateral distribution defense burdens. We believe wld be unwise for Petsche count on getting, as result NATO exercise, additional amt which wld bring US contribution for Fr FY 51 as a whole above $200–400 million, and might well be less.
8. $200 million assumes Fr will proceed with mil effort both in Fr and IC along lines discussed including HPPP and will take vigorous measures to prevent this effort from causing inflation.
9. This amt will be made available (1) cover imports, except from EPU countries, required by mil prod program; (2) to procure mil items produced in Fr for Fr or other use, it being understood the dollars so received will be used not increase reserve but (*a*) pay for imports from non-EPU countries required prevent inflation, and (*b*) meet obligations EPU arising directly or indirectly out of Fr production program; and (3) assist procurement for Fr from other countries of items now in Fr program which NAT review suggests may be more advantageously produced elsewhere.
10. Procedural and substantive aspects of longer-range discussions in NATO can perhaps be explored in prelim way with Petsche at a later mtg.

Fr indicated such proposal wld create great difficulties for them but did not reject it. Ministerial discussions continuing tomorrow afternoon.

ACHESON

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[1] Passed to OSR for Katz, repeated to London as 1961 for Spofford.

762A.5/10–1750 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, October 17, 1950—4 p. m.

1973. Eyes only Bohlen and Bonsal. This is State–Defense msg. Re Deptel 1970, October 17. Fol is text of Dept Defense résumé of conversation between Gen Marshall and Moch on Oct 16: At Mr. Acheson's request, Gen Marshall had frank and confidential discussion with Moch on threat of Russia and means at our disposal for effective defense. After thorough and critical analysis of mil situation, it seemed apparent that Moch believed Russia was not likely take immediate aggressive action; that problem of Ger units was not primarily fear of resurgence of Ger individually, but rather conviction that Gers wld side with most powerful force (i. e., Soviets) and Ger units wld later "turn-coat". His principal worry on Ger issue was polit. He expressed conviction that if Fr Govt is faced with straight yes or no issue on Oct 28th over Ger participation in defenses, that answer will be no. Gen Marshall made it completely clear that US must have realistic solution by Oct 28th. Gen Marshall based this conviction on US public and congressional reaction against further funds for Eur if realistic defense efforts not achieved quickly. Moch specifically asked the General for postponement of Ger issue now, by naming of a Supreme Commander who wld study the Ger issue and later make recommendations. Gen Marshall made it quite clear that naming a Supreme Commander now was desirable, but wld not agree on postponement of Ger issue. Gen Marshall indicated his complete sympathy with Fr difficulty, but urged Moch consider problem realistically in that a defense to the east in Ger must include Ger participation. General indicated that without this, a defense line west of Rhine might be best that cld be hoped for. Moch indicated clearly that this was unacceptable to Fr. Nevertheless, he consistently failed to come up with any practical alternative solution. It was obvious that Moch was most apprehensive of issue confronting him but denied that his personal feelings were involved. It seems likely that Moch is fighting for a delay and, hence, is strongly opposed to US position of seeking solution at this time.

ACHESON

762A.5/10–1750 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, October 17, 1950—2 p. m.

1970. Re urtel 2009, Oct 15. Eyes only for Bohlen and Bonsal. One difficulty with the Schuman proposal is that it postpones any res of

the Ger participation problem for many months, during which time progress with Eur def and the integrated force wld be stalled or else the US wld be committed to a plan which is unsound without Ger participation and for which the necessary funds wld not be obtained. We had hoped for real progress during the Oct 28 mtg. Progress means advancement toward a solution of the Ger problem and not mere postponement of its solution.

You may tell Mr. Schuman the fol:

1. We do not consider it possible to create an effective def system as far to the East in Ger as possible without the participation of Ger armed forces.

2. We are opposed to the recreation of a Ger National Army and Gen Staff, and wld cooperate fully with the other NAT countries in devising adequate safeguards including limitations on troop strength, against such a possibility.

3. To go forward with a plan for Eur def which omits one essential factor—Ger participation—is both unsound from the point of view of security and also from the point of view of obtaining the funds adequate to carry out the overall plan.

4. Therefore, we cannot avoid or postpone the solution of the Ger participation problem, but must make progress toward a solution. The Schuman proposal, as we read it, postpones any solution for many months. During these months one of two situations wld exist: either development of the common def wld lag while we awaited solution of the Ger question; or we wld all be acting on the basis of an incomplete and unsound plan for the execution of which the US Gov cld probably not get Congressional support.

5. We believe that if the French find insuperable difficulties with our proposal, it is incumbent on them to propose a workable plan for dealing with the problem.

6. As regards any French Cabinet disc on this subj, we have the fol comments:

a. The US Gov continues to endorse with enthusiasm the principles of the Schuman plan for pooling the coal, iron and steel resources of Western Europe.

b. We are willing to consider some application of this concept to the mil field, although we envisage certain difficulties connected with its implementation which wld have to be carefully studied in order to determine whether such an arrangement wld be militarily effective.

7. Therefore, we wld consider sympathetically and earnestly a specific French proposal on this matter. We cannot commit this Gov, even in principle, to the proposal in ur cable. It is too indefinite for specific criticism and comment and yet raises doubts and problems.

8. We do feel that any such initiative shld be concretely expressed before or at the Oct 28 mtg of the Def Mins.

ACHESON

740.5/10–1750 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London

CONFIDENTIAL WASHINGTON, October 17, 1950—7 p. m.

Todep 63. For Spofford from MacArthur. Re phone conversation today fol is Nitze paper with new para 6. Also note downgraded classification.[1]

Title: Suggested Method for Arriving at an Equitable Distribution of Economic Burdens in Carrying Out the Medium Term Defense Plan.

1. The responsibility for action in raising and supplying forces must be placed upon natl govts. Coordination thru the NATO machinery is necessary, however, if the actions of the individual govts are to conform with an integrated overall def plan, if the forces for def of freedom in Eur are to be sufficient to carry out their task, and if there is to be an equitable distribution of the econ burdens involved.

2. The decisions involved in arriving at an equitable distr of econ burdens cut deeply into the internal affairs of individual countries and affect their most vital immediate and long-range interests. They are therefore basic polit decisions and will probably need to be taken by govts acting thru the NA Council itself.

3. The preparation of recommendations to the Council and arrangements for the neces staff work on which those recoms are to be based shld be the responsibility of the Deps. The Deps shld have such staff assistance in carrying out this responsibility as they may consider neces. The composition and org of this staff shld be determined by the Deps.

4. The Deps can look to the SG for guidance on effectives, equipment, and other mil requirements by countries. They can look to the MPSB for guidance on the distr of prod tasks by countries. There is an *ad hoc* costing grp from which the Deps will be able to secure costing formulas.

5. From these data it shld be possible to compute gross cost of the mil program in the aggregate and by countries computed before aid.

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[1] The so-called "Nitze paper," in early draft form, was quoted in a memorandum handed to Spofford in New York by Edwin Martin on September 19. The memorandum, not printed, began with this explanation: "The attached paper is based upon the Nitze, Alphand, Franks discussions in New York. It is designed to provide a procedure for reaching agreement unilaterally on equalization of burden economic assistance, and thus replace the various financial proposals submitted by the French." (396.1 NE/9–1950) The memorandum was classified top secret. The paper, as quoted in Todep 63, not only contains a considerable addition to paragraph six but also shows revisions of paragraphs three and seven and an addition of paragraph eight.

It is suggested that the Deps arrange for this work to be done by the Staff of the DFEC.

6. When the cost of the MTDP is computed, the next step shld be an analysis of the econ impact of the program of this magnitude on the member countries. This analysis shld of course take account of the total proposed def expenditures including the additional expenditures required specifically to carry out the MTDP. It shld also draw on, and be appropriately related to, the broad analysis of Eur and North Amer econ prospects being developed concurrently in the OEEC in connection with that org's third annual report. To this end it is suggested that

a. the form of OEEC questionnaires covering gen natl accts, bal of payments and budgetary projections be reviewed to insure maximum usefulness for this specific NATO purpose as well as the gen purposes of the OEEC;

b. the natl submissions by the NATO countries to the OEEC be based on assumption by each country of the cost of the mil program as indicated in para 5 above;

c. the Deps create a NATO working grp based on the NATO countries dels to the OEEC (inc US and Can), utilizing if pos the services of experienced members of OEEC secretariat;

d. this working grp, under guidance from Deps, arrange for supplementary submissions by NATO member countries covering more specific info bearing on the impact of the proposed mil programs on their economics and their relative abilities to carry the burden of expanded def requirements; and

e. the working grp develop for the Deps a report, drawing both on OEEC submissions and their own[*?*] analysis in OEEC and on the special submissions to the NATO grp and their analysis, this report indicating the effect of the proposed mil program on the natl accts and bal of payments of each country and including a critical evaluation of the data bearing on equitable distr of the econ burden. An important purpose of the report shld be to isolate out the major questions of policy requiring decisions by NATO govts, individually and collectively.

7. The recommendations referred to in para 3 wld be worked out by the Deps and the decision referred to in para 2 wld then have to be reached by govts acting thru the Council. Assistance wld be bilaterally arranged in conformity with NATO programs and administered *pari passu* with performance of the NATO program by the various participants.

8. While the above program is being worked out, interim arrangements shld go forward bilaterally on an urgent basis so that actions which are neces now will not be delayed. The impact of these interim arrangements wld be taken account of in the final decisions. [MacArthur.]

ACHESON

740.5/10–1850 : Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET NIACT WASHINGTON, October 18, 1950—8 p. m.

2019. For Bonsal. Initial mtg reps of NAT Defmins (to prepare for Def Comite Mtg Oct 28) held Pentagon this afternoon with Mr. Lovett presiding. Purpose this initial mtg was to block out work for subsequent mtgs by going over tentative Def Mins agenda. There was no difficulty until agenda item dealing with "Contribution of Ger to Def of WE" was reached.

Re this item (which on agenda as result NAT Council Res asking for recommendations from Def Comite) Mr. Lovett said US wld table paper tomorrow setting forth US views. He envisaged this paper wld be cabled back to govts by reps and subsequently beginning Oct 23 there cld be discussion of it. He made it clear that while he wld be glad endeavor to clarify paper if there were questions tomorrow, he did not expect there wld be much discussion until govts had considered it. He also made clear that such discussions as might occur wld be in no sense binding on Defmins or in any way commit them. Object was to exchange preliminary views, suggestions, and comments so that the Mins discussion cld be more profitable. He recognized such comment or discussions as occurred wld depend on instr of the reps.

Bonnet (Fr rep who accompanied by Genl Vernoux [2] and Christian de Margerie) took very strong position that while Fr were willing to receive US paper, any discussion of it by reps was improper since ques of principle of Ger participation had not been agreed and therefore discussion of details must await agreement to prin.

Mr. Lovett said he fully understood Fr rep might not be authorized discuss ques but that if other reps had comments or suggestions this wld make for greater understanding in Defmins discussion Oct 28.

Bonnet replied he felt discussion by reps wld complicate and make more difficult subsequent discussion by Mins. Said that perhaps US and Fr interpretation as to what Council Res called for differed. For example the Res might not be interpreted as referring to Ger manpower contribution but to industrial and econ contribution. Bonnet said he thought there had been misunderstanding between Fr and US on how reps wld handle this ques.

Mr. Lovett replied that while he cld not say this was not so, he knew of no misunderstanding and wished to point out that Genl Marshall's invitation had clearly indicated it was to discuss Defmins agenda and the Ger ques was on the agenda at time of invitation. Mr. Lovett said

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[1] Repeated for information to Brussels 508, Ottawa 74, Copenhagen 207, Rome 1659, The Hague 464, Oslo 285, Lisbon 142, London for Spofford 2006, Reykjavik 77, and Luxembourg 47.

[2] Maj. Gen. Vernoux, Chief of Staff, Combined Staff, French Ministry of Defense.

as there were still number of further items to consider at mtg today he suggested further postponement discussion this ques until mtg tomorrow afternoon.

We sending foregoing to you since Fr may raise ques with you. If they do you shld make clear again our position that:

1. Purpose mtg is to make more fruitful discussions of Mins themselves.
2. Any discussions on Ger or other agenda items do not commit any of the Defmins, in any sense whatsoever.
3. We fully realize reps may not be authorized by their instructions to discuss certain questions and there is no obligation for them to do so.
4. We welcome comments or questions from reps, personal or under instr, and believe such exchanges of views while in no sense binding on any of Mins, may further clarify this issue and thus assist in reaching most satisfactory and constructive solution to problem.

We also believe even if Fr rep not authorized discuss ques, comments of other reps might be of interest or useful to Fr Govt in formulation its views.

ACHESON

740.5/10–1850 : Airgram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

TOP SECRET WASHINGTON, October 18, 1950.

[Subject:] German Contribution to Production for Defense.

A–1100. At a meeting on October 12, 1950, with representatives of the Department of Defense a question arose as to whether it was possible to spell out the US position on the above subject. Representatives of the Department of Defense had put on paper some observations on this question for possible future use at the forthcoming meeting of the Committee of Defense Ministers. It was decided that the Department of State should take those parts of Defense's paper dealing with production and develop them somewhat. This has been done in consultation with ECA.

Though the following represents only an approach to a discussion of the principles of German contribution to production for defense, it is felt that HICOG will want to know that the issue has arisen in connection with a meeting of the Defense Ministers. HICOG is requested to furnish its comments on the following at the earliest. The State, ECA draft memorandum follows:

German Contribution to Production for Defense

1. The following discussion of German contribution to production for defense hinges on the premise that an integrated military force for the defense of Western Europe will be created, and that the NATO

Powers agree on the inclusion of German contingents. It is implicit in this premise that the Federal Republic will have entered into the agreement and into the spirit of joining its efforts to those of the NATO Powers, but this is an assumption that cannot be made at this time. The recommendations herein are subject to these controlling conditions.

2. The early establishment of the agreement envisaged in the Schuman Plan will greatly facilitate the establishment of economic and political relationships through which German contributions to common defense can be made on a basis satisfactory to the members of NATO who are participants in the Schuman Plan, and to the United States.

3. The concept of integration carried forward through NATO in the military field, is similar to the concept of integration in the economic and political fields of the Schuman Plan. This concept, in both fields, provides a safeguard against domination of the collective system by any one power and is another step in achieving an integrated Western Community.

4. The build-up of the military strength of the NATO countries to a level adequate to insure the security of Western Europe, should be accomplished with the utmost urgency. This will impose an extremely heavy economic and financial burden on the NATO powers. The program contemplated will call on the one hand for increased production to be financed largely by Government expenditures, and on the other hand for diversion of resources from present uses and reduction in civilian consumption.

5. The NATO countries should not be required to make sacrifices in standard of living unless Germany is also required to make a proportionately equal contribution of effort and sacrifice.

6. The German economy is industrially advanced, and while in poor repair, it can under realizable conditions produce substantial amounts of goods in excess of present production. Those fields in which an immediate and continuing contribution could be made by Germany include steel, coal, non-ferrous metals fabrication, shipbuilding, antifriction bearings, fine mechanics and optics, machine tools, vehicles, chemicals, electrical equipment and miscellaneous items. NATO should prepare recommendations for such small arms and light military equipment as Germany may furnish for the integrated forces. Any recommendations that may be made as to military equipment are not to be put into effect until Germany is firmly committed to and has begun to implement the common defense plan. Though estimates of future German production are exceptionally speculative, it is highly probable that Germany could produce at an additional annual rate

of one billion or more dollars 18 months hence, and thereafter at an increasing rate.

7. However, Germany, like the other countries, must solve the problems of financing, of raw materials, of capacity, and of allocations. It is at this writing impossible to do more than state these problems. The difficulty of resolving these problems suggests that considerable delay will in any case ensue, following the adoption of the principle of contribution by Germany.

8. The Allied High Commission for Germany with the advice of NATO should deal with the Government of the Federal Republic of Germany to arrive at an agreement with respect to the means and extent of Germany's contribution, and with respect to the supervision to be exercised by the High Commission and the Federal Republic within the framework of a common defense plan agreed by NATO. It will be necessary to establish a relationship between the Federal Republic and NATO in order to facilitate planning and the placing of orders. The Deputy Defense Ministers should study the manner of such a relationship.

9. The High Commission should forthwith establish contact with the North Atlantic Military Production and Supply Board, and should provide to NATO information needed and the appropriate recommendations for a production program for Germany in accordance with agreed military requirements.

10. The revision of the Prohibited and Limited Industries Agreement, beyond the changes already approved, should be undertaken by the Occupying Powers in such a way as to facilitate implementation of decisions reached in NATO. The High Commission should make the necessary arrangements with the German Federal Republic to facilitate the increased production necessary for defense force requirements.

ACHESON

740.5/10–1950

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London [1]

SECRET PRIORITY WASHINGTON, October 19, 1950—6 p. m.

Todep 66. 1. Acheson, Snyder, and Foster met with Petsche this morning for discussion Fr proposals contained in Aug 17 memo [2] concerning mil integration, common budget, and control of raw materials. Petsche considered mil aspects of memo had been taken care of satis-

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[1] Repeated to Paris as 2038 and passed to Katz.

[2] Text printed in telegram 852 from Paris, August 17, p. 220.

factorily but that further action required on econ and fin side and outlined main features common budget proposal. He emphasized in particular three aspects common budget: first that it was means of establishing genuine partnership among NAT countries; second it wld be means obtaining finan help from countries other than US which because of small size of mil contribution shld make some finan contribution; and third it wld tend to increase rationalization and harmonization of natl def programs. Petsche also emphasized importance common budget as means of stabilizing currencies and controlling inflation.

2. Petsche indicated Fr willingness to take Nitze paper [3] as basis discussion in mtgs of Deps altho he expressed reservations on certain points in document. In particular took exception to concept that payments shld be on bilateral basis. He felt this wld create situation comparable to ERP where there was distinction between givers and receivers and that this concept not appropriate in NATO. Petsche also expressed hope MDAP legis cld be modified to permit use free dols and that free dols might be made available thru EPU mechanism.[4]

[Here follows a summary of discussion covering the French proposal of August 17 on dollar pooling and several suggestions for further revision of the Nitze paper.]

3. Petsche then referred to Fr view that immed action required on raw materials and emphasized importance Fr attached to immed action on prices and seriousness of prospect of renewed inflation. Petsche handed Secy new Fr proposal which is in broad outline consistent our gen approach. Text new Fr proposal and comments being telegraphed separately.[5]

4. Fr were informed that we had given prolonged interdepartmental consideration to their econ and fin proposals; that we saw certain practical difficulties in them and felt Nitze memorandum offered practical means of getting forward with common defense program as rapidly as possible and at same time meeting objectives of cooperative action and equitable distribution of burden. Since in accordance Nitze memo assistance between countries wld only flow as national programs were being carried out in conformity with overall agreed program, we felt pressure on national programs which Fr sought would result. We indicated that although seeing practical difficulties at present time with Fr proposals, nothing in procedure we had proposed shut door on developments along lines Fr suggested. Petsche

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[3] See telegram Todep 63, October 17, p. 386.
[4] For documentation on the European Payments Union, see pp. 611 ff.
[5] See telegram Todep 65, *infra*.

inquired whether if it were later possible to obtain agreement on a Continental common budget US wld be prepared to make a lump sum contribution to such common budget, emphasizing beneficial effect such a contribution wld have on integration of European countries. Secy said we wld have to consider further but that suggestion obviously raised very great difficulties.

ACHESON

740.5/10–1950 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London[1]

SECRET PRIORITY WASHINGTON, October 19, 1950—6 p. m.

Todep 65. Re Todep 66 Oct 19.[2] Fol is text proposal on raw materials handed by Petsche to Acheson Oct 18.

"*Article 1.* In accordance with the principle of economic cooperation with which they intend to comply, the high contracting parties agree to entrust the Executive established by themselves with the following responsibility:

a) to keep under constant review the evolution of supplies and price of raw materials and essential commodities;

b) to recommend consultations between the main producing and consuming countries as soon as the market situation of a raw material or of an essential commodity seems to justify the use of such a procedure, provided it is up to a Government or to a group of Governments to call any international meeting.

c) To prepare such international meetings and to recommend steps which might be proposed by the countries concerned.

d) Should such meetings not arrive at satisfactory conclusions, to recommend joint measures which might be taken by member countries of the Atlantic Pact.

Article 2. The recommendation made by the Executive may concern:

a) the stimulation of production of commodities in short supply in the participating countries;

b) the periodical international distribution of commodities through allocations;

c) the coordination of the purchasing policies of the importing countries and, as the case may be, the organisation of joint purchases, whether the purchases apply to a certain tonnage of existing commodities or whether they should be achieved over a certain period of time through the conclusion of short or long term contracts.

d) the reduction or, if necessary, the suppression of the consumption of certain products."

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[1] Repeated to Paris as 2037.

[2] *Supra.*

In discussing raw materials situation, Petsche indicated gen agreement with US view that first approach shld be on a commodity by commodity basis, using existing internatl orgs to extent possible and *ad hoc* groups of principal producers and suppliers where existing org not competent. However, he emphasized fact that if it were not possible to arrive at satisfactory solution on basis of cooperation with producers, NAT countries cld not afford to let unsatisfactory situations prevail. In event of failure to reach agreement in *ad hoc* commodity conference, Petsche suggested NATO shld determine what further action shld be taken. Fact that NATO countries were in most cases the largest purchasers gave them position of strength. Secy agreed that question of action to be taken if cooperative arrangements failed required further study but added that we had not found answer to that problem.

We will send detailed comments latest Fr proposal soon as possible.

ACHESON

740.5/10–1950 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

TOP SECRET WASHINGTON, October 19, 1950—8 p. m.

2952. Personal for McCloy from Byroade. Your estimate on timing factor involved in psychological and political preparations in Ger before practical steps cld be taken to raise units for contribution to Eur defense (re para 8 urtel 3215)[1] is subject of concern here. Although we are aware of very complex difficulties to be encountered in Ger, we had not anticipated nearly as great a delay as you have indicated. Our concern pertains to (1) speed with which we desire to see defense preparations made as an end in themselves; (2) sense of frustration and despair that might accompany such long delay in starting physical preparations once decision has been made on such a highly publicized issue: (3) if eight to twelve months are required for these prepara-

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[1] In telegram 3215 from Frankfort of October 18, not printed, McCloy summarized for Byroade his thoughts on West German organization for participation in a European defense force, based on nonofficial talks with German political and military personalities. The last paragraph of his telegram reads as follows: "Timing factor involves rate at which German Government could organize itself for its contribution. One estimate has placed time necessary to condition Germany for its contribution psychologically and to go through necessary political steps at approximately one year or fall of 1951. From that time, it would take approximately six months to train first German divisions. I feel that this estimate is very conservative and could probably be reduced by at least one-third, particularly that portion dealing with psychological and political preparations of government itself." (740.5/10–1850)

tions and if they could be carried on to a degree through public discussion already under way prior to firm agreement among the Allies on the German issue, we may have been pressing unjustifiably for an immediate decision.

Difficult of course to estimate time involved in absence decision on proposition which we will be able to offer Gers. Our thinking has been based on assumption we wld eventually obtain NATO agreement on a plan similar to our own which wld assure Gers they will be treated without discrimination in integrated force while maintaining principle that national forces under Ger control wld not be raised. Based upon this assumption we had visualized that obtaining Cabinet, opposition party, and Bundestag support for definitive answer from the Ger Govt wld be matter of from two to four months, with our hopes upon former figure. During this time we had thought that Adenauer, while refraining from public steps of organization and physical facilities wld have underway great deal of planning so that the Federal Ministry and administrative agency cld be organized in skeleton form with considerable speed. It has also been assumed (1) that volunteers wld be available to meet initial requirements in Ger and hence the problem of organization for draft procedures wld be unnecessary until the later stages, and (2) that some proportion of cadres wld be availfrom Labor Service units.

Based upon above thinking we had hoped that actual acceptance of volunteers cld proceed by Mar of next year. We had also felt that Allied assistance in training and organization, plus fact that a portion of volunteers and officers wld have benefit of previous military experience, wld make it feasible to have effective units in being by end of next year. Advanced training wld, of course, be a continuing project but we had thought they wld be reasonably effective by that time. The above assumes, of course, that equipment for training and final outfitting cld be made available.

Equipment situation still unclear. We have considered that planning for equipping Ger units shld be based upon length of time required to organize Ger units. Perhaps (although this wld need to be discussed further in Wash) we cld utilize Austrians MDAP stockpile to meet any early needs in Ger, with later replacement to that stockpile from new procurement. If such solution were possible, this wld provide without delay most essentials of full equipment for two infantry divisions or training equipment for four infantry divisions.

Urgently request your comments upon above thinking as regards timing or greater explanation of last sentence of ur 3215. [Byroade.]

ACHESON

740.5/10-1950 : Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET WASHINGTON, October 19, 1950—8 p. m.

2061. ReDeptel 2019 Oct 18 to Paris. This afternoon at second mtg reps of NAT DefMins Mr. Lovett tabled Ger paper.[2] He explained we did not expect discussion today. Paper was expression of US views on subj and US wld be very glad receive informal views and comments other NAT countries as well as any new ideas they might have on subj. He proposed detailed discussions wld begin Mon Oct 23, by which time it wld have been studied and possible govt reactions obtained.

Bonnet (Fr) replied by repeating position he took yesterday set forth in reftel. He reiterated misunderstanding must exist since Moch understood from his discussions here that reps would not talk about Ger participation and that US wld not bring up subj.

Mr. Lovett reviewed what he had said yesterday, i. e. we fully realize Fr rep was not authorized discuss this ques and there was no obligation for him to do so. It wld probably however be useful for Bonnet to hear views other reps by being present in capacity of observer without in any way engaging his responsibility or that of his govt. US would not presume to limit discussion on this or other subjects on the agenda and presumed other reps including Fr felt same way. Re ques of misunderstanding Mr. Lovett admitted possibility but said he did not believe it cld have occurred on US side since memo of conversation of the Marshall–Moch talks made clear fact that we wld table paper on Ger participation which wld be discussed but that we wld not expect Fr to enter into the discussion. He disagreed with Bonnet's view that reps discussion of Ger participation wld not be useful and felt such exchanges of views wld bring forth helpful suggestions or new ideas from other govts thus facilitating formal Oct 28 discussions prior to which no commitments cld be made.

Bonnet concluded by stating that in the NY discussions between Acheson–Marshall and Schuman–Moch the Fr had made it clear that Fr parl and govt wld not have studied Ger participation ques and reached conclusion prior to Oct 28. Therefore it seemed probable that Fr wld not be in position discuss matter until Oct 28.

The matter was left with the understanding that reps wld next meet at 4 p m Oct 23 at which time they might first (if Brussels Pact

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[1] Repeated to Brussels 518, Ottawa 76, Copenhagen 212, Rome 1681, The Hague 472, Oslo 294, Lisbon 146, London 2040, Reykjavik 78, Luxembourg 48, and HICOG Frankfort 2951.

[2] See the memorandum by Matthews to Acheson, October 13, Annex 2, footnote 5, p. 376.

nations so desired) discuss possible recommendations to Def Comite re elimination of duplication in mil structure of Brussels Pact and proposed new Eur integrated force, fol which discussion wld begin on Ger participation. (FYI US position on Brussels Pact mil machinery is that it shld be phased out of existence as rapidly as possible after new command structure for integrated force is agreed.)

ACHESON

740.5/10–1950 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London

CONFIDENTIAL NIACT WASHINGTON, October 19, 1950—8 p. m.

Todep 67. Todep 64, Oct 18.[1] The fol is State guidance which has been cleared by all interested agencies with Def clearance being *ad referendum*.[2]

(1) The USG is seeking the maximum NATO mil production in the most efficient manner at the least cost in the shortest time to meet the requirements of the Medium Term Def Plan.

(2) Much remains to be done in the field of internatl coordination and it is doubtful whether the MPSB as presently organized and staffed is capable of accomplishing it. However, the chances of successful accomplishment wld be greatly improved if the prestige, personnel, and powers of the mil production org were substantially strengthened.

(3) First, the org (perhaps to be known as the Def Production Board) shld be led by an outstanding American with production experience and proven exec ability whose name carries weight with Europeans. He shld be in a position to recruit the best possible staff from all nations, and to integrate this staff through appropriate administrative arrangements. For this purpose it is necessary to give the mil production org as much gov backing and delegated power as will be politically acceptable in order to attract men of desirable calibre.

(4) The second requirement is to give membership in the org to as many members of NATO as is consistent with efficient admin. The goals of efficient admin and adequate representation might be achieved by having a board consisting of reps of the producing nations, with the US member acting as Chairman and/or Exec Director.

(5) The third requirement is for the Board to confine its activities to the most important production programs (as distinguished from

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[1] Not printed.

[2] Defense clearance was confirmed in telegram Todep 68, October 20, not printed.

individual projects) which involve major problems of internatl coordination among NATO members and with non-members, and to deal with natl govs rather than with individual industries in any nation. The Board wld specialize in the broad natl aspects of production. This is necessary in view of the limited personnel that will be available to the Board and in order to have the Board expedite rather than delay attainment of desired production goals. However, the Director shld have "task forces" at his disposal, consisting of highly qualified technicians to asst in screening programs in breaking bottlenecks and expediting production.

(6) The fourth requirement is to provide some means of giving force to the decisions and recommendations of the Board and its Director. It does not seem practicable to give the Board power to *direct* affirmative action by any gov since this power wld be politically unacceptable. Accordingly, the most practicable method of giving force to Board actions is probably for the nations supplying external aid earmarked for mil production to consider in cases involving production programs of major importance, Board certification projects worthy and within framework NATO prod. planning as an essential factor in determining allocation of aid. (FYI and with respect to the preceding sentence US wld not be prepared at this time to agree that its allocation of aid wld be determined *solely* on the basis of these recommendations, nor to withholding allocations of aid until recommendations have been received, particularly if to do so wld impede progress in production.) When the Board has become capable of exercising the responsibility, consideration shld be given to a policy under which all nations shld agree to withhold external aid from projects which have been found ineligible by the Board, and to withhold further aid from Board-approved projects where the Board finds performance unsatis. To determine performance under agreed programs the Board will receive progress reports and the Director shld have the power to conduct independent investigations of production progress in liaison with natl auths.

(7) The Def Production Board will expedite the delivery of finished mil items by natl producers to forces as directed by the appropriate NATO auths.

(8) Finally, it is necessary to give the Board a procedure by which it can act as such, despite the opposition or absence of any member. Assuming an eleven-member Board (excluding Iceland), action by a two-thirds majority vote might be desirable, with the Exec Director given the utmost possible discretion to proceed and initiate action under the gen policies approved by the Board.

(9) In gen it is visualized:

a. The present MPSB wld continue until agreement on a new Board is reached and an Exec Director is appointed.

b. Functions of the MPSB and PWS wld be gradually built up as the internatl staff becomes operative until the Exec Director takes over, but no delay in the High Priority Production Program shld be permitted.

c. First-phase concentration wld be upon a carefully selected list of major equipment items sufficiently important to warrant internatl production planning.

d. Based on a comparison of mil requirements with current supply and projected productive output derived from natl submissions, the Board wld recommend the allocation of production tasks in selected categories to various countries.

e. Thereafter, as the Board becomes more capable, it wld recommend action by nations and arrange for technical asst in such fields as production methods, production standardization of parts and end-items and other related matters.

f. The Board wld be authorized to investigate raw materials requirements for mil purposes and refer questions pertaining to their supply and conservation to the appropriate NATO body.

ACHESON

740.5/10–2050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL LONDON, October 20, 1950—4 p. m.

Depto 116. 1. At meeting Working Group of seven [1] October 19, attended by finance and production experts, Spofford presented as US paper Nitze doc (re Todep 63). Delegates indicated agreement therewith subject to conditions and considerations brought out country comments summarised following paragraphs.

2. French delegate hoped WG of twelve (NATO/OEEC) re paragraph 6*c* US paper would have HQ in Paris, but thought WG could itself decide location. Would expect experts to study detailed aspects of US paper before final consideration and approval. Suggested deletion paragraph 7, since reaching of decision referred to therein not responsibility of WG. He raised question of difference in functions between various working groups. French view was that formulation recommendations should be responsibility WG of seven deputies, making use of all information available, including information from

[1] Working Group on Production and Finance, composed of seven Deputy Representatives on the North Atlantic Council: those of Canada, France, Italy, the Netherlands, Norway, the United Kingdom, and the United States.

OEEC and from studies prepared by WG of twelve. Others pointed out that giving group of seven these basic responsibilities would probably encounter objections from unrepresented countries.

3. UK delegate urged WG of twelve be established immediately. Expressed preference for HQ in London. WG of twelve would be, in their view, concerned primarily with giving direction to OEEC on basic assumptions countries to follow in answering OEEC questionnaires and also on additional information OEEC should assemble for NATO purposes. Stated that military and production assumptions would probably have to be determined initially by military and production agencies NATO but later revised on basis provisional economic assessments. UK thought NATO should consider experience WU financial machinery before final decisions taken.

4. Italian delegate expressed view main function WG of twelve seemed to be forecast economic impact defense program. This would require assumption with respect to distribution of burden which he did not see could be done by WG of twelve without going through sequence of (*a*) applying military requirements in order to (*b*) determine production effort and hence (*c*) cost required, and finally (*d*) distribution of burden.

5. Norwegian delegate said would have introduced paper similar to US and therefore in full agreement. Emphasized basic policy decisions required before OEEC forms can be filled out. Favored Paris for location WG of twelve.

6. Canadian delegate agreed generally with US proposal. Suggested WG of seven experts study and comment on proposal but thought this should not delay Council Deputies establishing WG of twelve soonest possible. He suggested group of twelve be established immediately to perform functions 6(*a*) and (*c*), while deputies are considering balance of paper.

7. Netherlands delegate expressed view WG of seven deputies could not make decisions for solution of problems but that all deputies would have to participate.

8. US in reply to Italian statement above agreed that hypothetical assumptions are necessary to progress with work which possible only on basis successive approximations. One initial assumption in first approximation economic impact would be no US assistance or mutual aid. In response to French question we stated WG of seven experts would have considerable work load for some time but would confine itself to making organizational and procedural study. It was a temporary group to recommend permanent machinery.

9. Meeting agreed that WG of seven should assemble October 20 to determine agenda of work. Also agreed that paper submitted by US

should be forwarded to deputies for their background information. Meeting asked experts to draft resolution for consideration of WG of seven establishing WG of twelve in accord paragraph 6(*a*) and (*c*). Draft resolution follows:

"The Working Group wish to recommend to the NAC deputies:

1. That there be created at once an economic and financial Working Group of all the member countries, based on the NATO countries delegations to the OEEC (including the USA and Canada) utilizing as necessary the services of other technical experts.

2. This working group shall:

(*a*) Review the form of OEEC questionnaires covering general national accounts, balance of payments, budgetary projections and commodity information to insure maximum usefulness for specific NATO purposes as well as the general purposes of the OEEC;

(*b*) Recommend to the deputies as soon as possible what, if any, supplementary submissions should be made by the NATO member countries covering more specific information bearing on the impact of the military programmes on their economies and their relative abilities to carry the burden of expanded NAT defense requirements;

(*c*) Consider, and recommend to the deputies as soon as possible any steps they may consider necessary to insure that the assumptions concerning defense expenditure that underlie member government submissions adequately reflect NATO military planning." [2]

Sent Department Depto 116, repeated Paris 654 (for OSR).

DOUGLAS

[2] The NAC Deputies, at their 27th meeting on October 24, approved the slightly revised resolution with an expression of hope that the new working group would soon be organized in Paris.

740.5/10–2450 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

TOP SECRET NIACT BERLIN, October 24, 1950—5 p. m.

601. Personal for Byroade from McCloy. Following is an explanation paragraph 8 mytel 3215 [1] discussed in your 2952, 19 October.

Estimate of one year was based upon composite individual German views and included time necessary to obtain agreement in principle NATO discussions between occupying powers and Germans of condi-

[1] Telegram 3215 from Frankfort, October 18, is not printed, but paragraph 8 is discussed in telegram 2952 of October 19, p. 394, and quoted in footnote 1 of that document.

tions for German contribution, necessary psychological preparations German people and steps by German Government to permit German contribution including some type of conscription legislation. Germans elongated governmental problem particularly in view of their emphasis upon proper selection of personnel and preparation of appropriate legislation. Our opinion of this estimate you will note stated that it was pessimistic and could be reduced by "at least" one third. We have in previous message indicated our opinion that if decision in principle is reached by 1st January, volunteer training could probably begin by 1st March. This conforms to your estimate. Our "at least one-third" was taking into consideration this possible course of events and enactment of conscription law.

However, do not see how time estimate expressed in 3215 would in any way affect pressing for an immediate decision. No substantial preparations or moves can be taken in Germany, either politically or psychologically until matter of principle settled with French, and the sooner this is done the sooner we can get started. Until French position settled, we cannot secure any official position of German Government. Consequence would be that German Federal Republic could not proceed in any real preliminary planning or organization, and we could not proceed with advanced program for training of *Diensttruppen* or cadres for possible German contingents.

We also believe that, depending, of course, upon type of proposal occupying powers discuss with Germans, that Bundestag approval might be obtained in matter of two to four months, the longer period reflecting the possible effectiveness of such elements as the Heinemann–Niemoller campaign.[2] However, so much depends on type of proposition offered and manner of presentation that estimates difficult to make. Also agree that if decision in principle taken in reasonably near future, utilization of steps you outline make feasible having effective units in being by end of next year.

McCloy

[2] Campaign against rearmament, led by the Federal Minister of the Interior, Gustav Heinemann, and Protestant theologian Martin Niemöller.

840.00R/10–2550 : Telegram

The United States Special Representative in Europe (Katz) to the Secretary of State

CONFIDENTIAL PARIS, October 25, 1950—11 p. m.

Repsec 44. 1. In discussion today, Stikker specifically requested that US take leadership in organizing NATO/OEEC working group of

12. He understood deputies had left chairmanship to group itself. He said he would instruct Dutch representative to recommend American chairmanship.

2. Hall-Patch [1] has indicated British expect US take chairmanship. He said Charpentier [2] had suggested meeting be held Benelux office, Paris, presumably, in Hall-Patch's view, to encourage Belgian or Dutch chairmanship. Hall-Patch discouraged Charpentier, indicating his understanding that meeting would be called at OSR offices. In view foregoing and in light telephone conversation between Spofford and Katz prior Spofford departure for Washington, OSR will take initiative and call first meeting of working group of 12 at OSR offices November 1.

Sent Department for Perkins and Spofford. Pass ECA for Foster and Bissell. Sent London for Bonesteel and Breithut. Limit distribution.

KATZ

[1] Edmund L. Hall-Patch, United Kingdom Permanent Representative on the OEEC.

[2] Pierre-Albert Charpentier, Director General of Economic Affairs, French Ministry of Foreign Affairs.

740.5/10–2550

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] October 25, 1950.

Participants: Mr. Henri Bonnet, French Ambassador
The Secretary
Mr. George W. Perkins, Assistant Secretary, EUR

Ambassador Bonnet stated that Mr. Schuman had asked him to bring in the text of the statement which Mr. Pleven made yesterday in the French Assembly.[1] He also handed me a translation which he said had been prepared in his Embassy and which was not, therefore, the official translation.

He said that he had been asked to point out that the situation had been a difficult one for France and that they had made an earnest effort to solve it. They believed the proposal which they were making was a real contribution to bringing Europe closer together, that it was not

[1] This statement by the Prime Minister on the creation of a European Army, referred to in later documentation as the Pleven Plan, is summarized and discussed in telegram 2248 to Paris, October 27, p. 410. For text, see Royal Institute of International Affairs, *Documents on International Affairs, 1949–1950*, pp. 339–344.

a tactic to delay progress on the rearmament of Germany and that, on the contrary, it provided a means by which German units could be brought into the picture in larger numbers and at greater speed than any other proposal. I pointed out to Ambassador Bonnet that I thought it was important that their position should not be a rigid one and, if the French insisted that all the suggestions they had raised must be fulfilled before progress could be made, we were in a hopeless situation. I added that it was important that we make progress. Ambassador Bonnet asked if this meant that I thought we should proceed in Germany before agreement upon an over-all scheme. I replied that I thought it was important that we make progress in Germany and that we should find ways and means of doing that as soon as possible. We then discussed some of the aspects of the Plan without arriving at any specific conclusions.

740.5/10–2550

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] October 25, 1950.

Participants: Sir Oliver Franks, British Ambassador
The Secretary
Mr. George W. Perkins, Assistant Secretary, EUR

I told Sir Oliver that as yet there was no Government position on the Pleven proposal and therefore what I was about to tell him represented only the preliminary views of the Department.

In general, our attitude was that expressed in the press statement I had made this morning.[1] I told him I felt Schuman found himself in the position where he could neither accept the US position nor turn it down. I also thought that if we stated that their proposal constituted acceptance in principle of German participation in the European force, the French would have to deny it. However, we were considering whether or not, without stating it, to proceed on that basis.

There is probably not much we could do in the Defense meeting as the governments certainly would not be in a position to accept the French proposal. We thought that perhaps our paper on German rearmament might be discussed first and after that we might ask Mr. Moch to explain the French position; then we could see if there were any steps that could be taken immediately which would fit into either proposal or some other proposal which might be satisfactory. The

[1] For text, see Department of State *Bulletin*, November 13, 1950, p. 777.

French, for instance, would undoubtedly be willing to agree on a Supreme Commander and the creation of an integrated force but it is not clear that we should do this at this time until we are sure where we would come out.

I also told him that we hoped the matter could be discussed in some forum other than that in Paris proposed by the French, particularly as we did not want to be excluded from the conversations. Sir Oliver stated that the UK would not participate in the proposed talks in Paris as he understood their position.

I said I thought it might be useful if the Defense Ministers acted as technicians and tried to determine what technical steps could be taken to advance the situation in a sound manner. Perhaps they could refer the over-all problem to the Deputies. Sir Oliver agreed the political problem was not for consideration by the Defense Ministers. He also pointed out that although the French said they did not intend to create any delay, it was still contingent on the signing of the Shuman Plan and that negotiations to establish the European army and Defense Minister would not start until after this had been done, which made it all most indefinite. He thought that we should start as soon as we could on doing what could now be done. I outlined briefly to Sir Oliver the statement I had made to Ambassador Bonnet about the importance of not letting France's position become rigid.[2]

Sir Oliver commented on the French proposal itself and said that there were many things left to be clarified. What did they mean by the smallest possible unit? What number of German troops were they thinking of? If there were no answers on questions such as these, there would be no basis for proceeding. Another question which bothered him was whether the French would take any action until all conditions had been fulfilled. It seemed to him it was a very difficult and long drawn out problem. The European Defense Minister was undoubtedly the key to the French thinking but, if such a concept were to be carried out, it undoubtedly would require much wider political action than the French scheme envisaged. I pointed out that there was a problem which the Europeans, particularly the French, faced at the time when our troops and other non-Continental troops would no longer be necessary in Europe and went home. Would the army for the defense of Europe then be disbanded and, if so, would there then be constituted a National German Army?

Sir Oliver stated that he felt that Messrs. Schuman and Monnet[3] were sincere in their belief in the plan but he was not so clear as to

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[2] Memorandum of conversation, October 25, *supra*.

[3] Jean Monnet, Commissioner General for the French Modernization Plan.

the other members of the French Government. I said that I thought what was important was to see what should and could be done in 1951 with regard to the Germans. Could we raise 50,000 troops? Could they be brigaded with other troops now in Europe? Perhaps we could limit the number of troops to regimental combat teams but that in any event we should proceed to work out what we could immediately. Sir Oliver pointed out that from the UK point of view having US and UK forces in Europe with a Supreme Commander was the real crux of the problem and that they would be delighted if any action could bring this about. I pointed out that if such a course were followed, it presented us with grave calculated risks because of the time factor involved in the French proposal. Anyway, it was important to get the reaction of the other countries as to the total situation.

U.S. Mission to NATO Files

Paper Prepared by the North Atlantic Defense Committee[1]

TOP SECRET COSMIC [WASHINGTON,] October 26, 1950.

D.C. 29

GERMAN CONTRIBUTIONS TO THE DEFENSE OF WESTERN EUROPE

1. The Fifth Session of the North Atlantic Council requested the Defense Committee, in the light of the information available at the time of its meeting, to make specific recommendations regarding the method by which, from the technical point of view, Germany could make its most useful contribution to the successful implementation of the plan for an integrated force adequate to deter aggression and insure the defense of Western Europe, including Western Germany.

2. Noting the Council's conclusion that the defense of Europe will require the full utilization of manpower and productive resources available from all sources, and the Council's approval of the concept of an integrated force adequate to deter aggression and insure the defense of Western Europe, including Western Germany, and recognizing:

a. That the greatest deterrent to aggression is an array of powerful forces united in a common cause against the potential aggressor; and furthermore;

b. That the defense of Europe requires, as a practical measure, a defense as far to the east as possible, which will include Western Germany;

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[1] Attached to the source text was a cover sheet which stated that the U.S. representative on the Defense Committee proposed that this paper be considered as an answer to the request by the North Atlantic Council for specific recommendations on a German contribution to Western defense. It subsequently became known as the American proposal.

c. That such defense will be most effective only if the West Germans contribute armed units and have a sense of active participation in the common defense of their homeland;

d. That this sense of active participation can be thoroughly inculcated only if the West Germans have furnished men to bear arms in defense of their country;

e. That Germany possesses industrial capabilities which they should contribute for the common cause; and

f. That the conditions of her participation must, however, also be of such a nature and presented in such a manner that they will be acceptable to the German people and that the latter will cooperate willingly in the common defense plans,

the Committee have concluded that Germany can make its most useful contribution in the forms of combat forces and industrial production.

3. In consideration of the total size of the force required for the defense of Europe, it is recommended that the primary military units contributed by Germany be in the form of balanced ground divisions, appropriate combat and service support units, and ground anti-aircraft defense units. The balanced ground divisions, made up of personnel of a single nationality, is considered necessary for efficiency of supply and command and for the full exploitation of the infantry-artillery-tank-ground team, as well as to insure integration of German manpower in such a manner as to facilitate German troop morale and inspire confidence and willing sacrifice on the part of the German people.

4. The German divisions and supporting units should be integrated with non-German units in the Corps and higher units. Thus German divisions would be furnished tactical air support by allied tactical support units allocated for the support of Army groups. The authorization of combat and service units sufficient to support the divisions is considered essential from the standpoint that Germans must be used in non-combat, as well as combat, roles as a means of exercising economy in manpower. The organization of ground anti-aircraft defense units is another step in providing an integrated defense of Western Germany. Further, there is a requirement for German manning and operation of minecraft, patrol craft, and harbor defense craft.

5. It is the opinion of the Committee that German units should be recruited, uniformed, quartered and paid by the German Government. All training should be conducted by Germans under the general direction of the Supreme Commander. When training is completed, units should be incorporated, under appropriate groupings, into the integrated force. The location of recruiting and training

centers should be determined by agreement between the German Government and the Occupying Powers. The Occupying Powers should be requested to study the availability of Allied schools for the training of German officers and technicians. It is considered that the over-all efficiency of the integrated force will require such Allied assistance.

6. The Committee considers it essential that German officers be included in the international staff of the Supreme Commander and as appropriate on the staffs of subordinate commands to which German units are assigned, and recommends that the Supreme Commander be authorized to negotiate directly with the German Government concerning the assignment of German officers to duty on these staffs.

7. The Committee realizes that there will be a requirement for a German federal agency effectively to organize, train, equip, and administer the German armed forces, and probably a requirement for a military administrative staff to carry out usual administrative functions. However, in view of the fact that German divisions are to be subject to the authority of the Supreme Commander from their inception, there will be no national German General Staff and no German operational staffs above the level of authorized tactical units.

8. Present NATO plans for centralized direction of procurement and supply under a strengthened Military Production and Supply Board should be expanded to include over-all control and efficient coordination of German military production with that of NATO members.

9. The Committee recognizes that in the creation of German units certain safeguards are desirable in addition to the basic safeguards provided by the subordination of German divisions to the Supreme Commander and his international staff and by centralized direction of procurement and supply. The following additional safeguards are therefore recommended:

a. German forces should not be developed at the expense of other Allied forces, nor should they be permitted to develop at a rate or to a degree that would constitute a threat to Allied security. To this end, the number of German divisions at any time should not exceed one-fifth the total number of allied divisions readily available for the defense of Western Europe.

b. The formation of an appropriate Federal Agency to perform necessary administrative, logistic, organization and preliminary training functions should be permitted, but the functions appropriate to the plans and operations section of a staff (above the level of authorized tactical units) should be performed in the international staff of the Supreme Commander, and the Federal Agency should be permitted no strategic or tactical command prerogatives.

c. The head of the Federal Agency must be a civilian who has not been on active duty as a commissioned officer in a regular component of the Armed Services within the past ten years.

d. Consideration should be given to the establishment within the Federal Agency of an Allied training mission headed by an "Inspector General" who would be an officer of appropriate rank and experience from the armed forces of the Occupying Powers. This officer would be under the head of the Federal Agency but should report to the Standing Group on matters within the purview of that Group. The German military officer, within or under the Federal Agency, who has the responsibility of being the administrative head of the German armed units shall be an officer appointed by the German Government, subject to the approval of the three Occupying Powers.

e. The Occupying Powers should retain general supervision of officer recruitment and should rely chiefly upon recruitment and training of new officers rather than upon the use of the old officer class.

f. There should remain prohibited and limited industries in Germany and a Military Security Board to enforce continued demilitarization controls. Necessary revisions of existing agreements in these matters would be subject to action by the three Occupying Powers. Sufficient change in this regard should be made to allow Germany to raise and equip, without heavy equipment, the specified ground units; to produce small arms and light military equipment such as minor defensive naval craft, individual equipment, trucks, and optics for the integrated force and for German units; to furnish raw materials, semi-finished products, and special tools and dies as determined necessary to the common effort by the MPSB. The manufacture of offensive armament in the categories of heavy equipment, aircraft, artillery, and naval vessels other than minor defensive craft, must not be permitted in Germany, and such armament must be provided from external sources. The German Government must bear its share of defense costs.

g. The Standing Group will recommend such additional measures as it may consider necessary to insure that the basic safeguards against the remilitarization of Germany are effectively enforced.

RECOMMENDATIONS

10. The Defense Committee recommends that:

a. All members of the Council agree for their nations that German participation in the defense of Western Europe along lines set forth herein is desirable and should be implemented as soon as practicable.

b. The Occupying Powers be requested to take immediate steps to obtain German contribution to the integrated force in the form recommended herein, and that the formation of German units, under the safeguards specified herein, be initiated immediately upon the establishment of the integrated force.

c. The task of developing the details of plans and programs regarding the German contribution and of recommending suitable Allied supervisory organization, as well as of implementing the military measures necessary to accomplish this project be assigned to the Standing Group.

700.00(S)/10–2750: Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, October 27, 1950—3 a. m.

Infotel. Re Italian Defense Minister Pacciardi's desire to discuss with us use of Ital manpower and production facilities under Atlantic Pact,[2] we intend to inform Pacciardi that we regard North Atlantic Treaty organization as medium through which decisions must be reached as to responsibilities of member nations under Atlantic Pact plans and equitable sharing of econ and fin burdens and that we are not prepared or willing to adopt bilateral approach to solution these problems. We are not prepared to discuss aid to Italy on its part of high priority production program here but will do so through Emb Rome. If Pacciardi raises question of Ital peace treaty, we intend to inform him that we will not contribute fin aid to assist Italy to produce for export to other govts articles of mil equipment whose production or export by Italy is prohibited by terms peace treaty. While peace treaty obviously sets limitations on Ital defense effort and this problem must be continued to be studied we do not consider that Italy has exhausted opportunities for increasing its strength within those limitations. We will urge necessity for action by Ital Govt to increase efficiency its forces and potential for defense of Italy and we will stress qualitative improvement of existing forces and opportunities for those forces to absorb additional production.

ACHESON

[1] Sent to Brussels, Copenhagen, The Hague, Lisbon, London, Oslo, and Paris.

[2] Pacciardi approached Ambassador Dunn in Rome on October 23 concerning this matter. Dunn reported on the conversation in his telegram 1787, October 23, not printed. The Department of State views on the subject, as summarized below, were transmitted to Dunn in telegram 1780 to Rome, October 26, not printed. (765.5/10–2350)

740.5/10–2750: Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, October 27, 1950—8 p. m.

2248. Eyes only Amb Bruce no distribution. Moch called on Genl Marshall this afternoon. Fol résumé his presentation Pleven plan (given us by Defense)[1] and our comments thereon is for your info only:

(*Begin Moch presentation.*) Present NATO plans continue in their entirety. That is, MTDP, production plans, etc. No delay in proceeding with these plans.

[1] Marshall had informed Acheson by telephone of the French plan. A memorandum of the conversation, prepared by Miss Barbara Evans on October 27, is in Department of State file 740.5/10-2750.

Supreme Commander to be appointed at once. All troops that can be made available will be placed under Supreme Commander at once. There is to be no delay whatsoever but terms of ref of Supreme Commander's authority are not yet decided and remain to be agreed.

Parallel with execution of foregoing plan but only after completion Schuman Plan "perhaps in 1951", a Eur Def Min will be appointed responsible to a Eur Assembly (no mention of procedure involved). Next step is creation of special experimental force including Ger manpower. This to be welded into Eur army by withdrawing neces cadres from Fr divisions committed to integrated force. These cadres organize Ger manpower into effective force. Eventually there can be Ger units but only up to company or battalion strength. When this Eur army organized it will be placed under Supreme Commander.

To above explanation Moch added that Cabinet and Parl had made it clear that Fr cannot accept Ger divisions whether one or ten since Ger divisions constitute beginning of Ger Army. Moch first indicated there was no limit on Ger manpower on Eur Army but when questioned said this wld depend on available equipment, finances, etc. Fr cannot agree to any Ger Def Min or Agency of any kind since this wld constitute a Ger Genl Staff. (*End Moch presentation.*)

Problems presented by Fr proposal are fol. *Begin our comments:*

1. *In respect of Ger participation:*

Fr proposal wld make Ger participation dependent upon an integration of Eur def establishments which wld raise problems necessitating almost endless negot and delay:

No Ger units until Eur countries had put themselves into a Eur system requiring (*a*) a Eur Assembly and Council of Mins and a single Def Min (*b*) common budget (*c*) control by Def Min over recruiting, org, etc. of Ger contingents (*d*) there is serious ques as to whether these matters can even be discussed with Gers until these things are done.

Fr undoubtedly contemplate Frenchman in this position. We do not believe other countries and especially Ger have sufficient confidence in France to accord her this primacy on the continent.

2. *In re MTDP:*

This plan operates over next four yrs and contemplates forces raised over that period. At present conception is that they shall be under their natl govts except as allocated to Eur force. There are most difficult and complicated questions related to authority of proposed Eur Def Min as against natl govts.

3. *In re NATO Org:*

At present each of Eur Govts has direct representation on NATO grps. Under Fr plan Eur Def Min presumably Frenchman wld speak for them. We do not believe they will consent to this.

4. *In re Supreme Commander:*

If he were appointed now, and Fr plan were accepted and rigidly applied, we cld not foretell when or whether Ger contingents wld be available, or whether development of forces under MTDP wld be delayed or confused by new system under Eur Def Min. This requires careful elaboration and consideration.

5. *Re finance and supply:*

Fr proposal calls for common budget and gives Eur Def Min responsibility for obtaining from Govts contingents for Eur force and funds and supplies to support them etc. This involves far-reaching consequences to fiscal systems, the economies, and indeed sovereign powers of Eur govts. All this requires careful exploration.

6. *Re its polit effect in Ger:*

Fr plan as stated seems to give Ger permanently second class status. As interpreted by Moch, status is even further reduced. Apparently Gers are even to be recruited by Eur Def Min. Under Moch's interpretation Ger soldiers are to be incorporated under Fr cadres. Even in long run, Ger units are to be kept at battalion strength or less. We are sure any such plan wld be wholly unworkable and wld never be accepted by Ger people whose genuine support is neces.

Our point is that while Ger people might be willing participate in true Eur army in which natls of all countries were dealt with on basis of real, or at least apparent, equality, they will not participate in a plan where they are openly, in fact blatantly, labeled as inferiors.

ACHESON

740.5/10–2750 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, October 27, 1950—10 p. m.

2434. For the Secretary.

1. In formulating our position with respect to Pleven's proposal for the creation of a European army with a European Minister of Defense, there seem to me to be, from the vantage point of London, several fundamental considerations which must constantly be borne in mind. First, it is becoming increasingly clear that no adequate defense system for western Europe can be established without German contingents and the use of German resources. Second, it is doubtful whether the French really believe that western Europe even with such US and UK divisions as can be provided can hold the dyke against the Soviet tide without utilization of German resources and manpower

and accordingly whether their will to resist will be sufficiently strong. A genuine Franco-German *rapprochement* is therefore essential to the creation of an adequate defense system.

2. For these reasons, among others I wholly approve of the cautiously favorable response you made in your press conference on October 25 [1] to Pleven's proposal. However, before giving wholehearted support to the proposal a number of basic issues need clarification, such as those pointed out in Frankfort's 3497 October 26 [2] to Department and certain infirmities in the scheme must be removed or so diluted that they are not too serious obstructions. At first sight it is difficult to reconcile certain aspects of the proposal either with the agreed principles in the New York resolution or with the earlier French proposals in their memorandum of August 17 including unity of command and suppression of Brussels treaty organs when they duplicated NATO.

3. Any European army which might eventually be created as a result of French initiative must be established within NATO. This point must obviously be clarified at once so that there is not the remotest possibility of misunderstanding with respect to it. You will have noted from Depto 134 [3] that the British were immediately concerned at the possible adverse effect Pleven's proposal might have on NATO. The summary of Pleven's remarks available to me indicates he stated that European forces placed at the disposal of the unified Atlantic force would operate in accordance with the NAT in matters of strategy, organization and equipment. Does this mean that Pleven accepts the essential proposition that the "European Army" would be within the NATO chain of command, subject to the NAT commander in chief and integral part of the NAT force? Pleven refers to equipment for the European force operating in accordance with the NATO but does this mean that the NATO will operate as completely as with any other contingent? What will be the powers of the European Minister of Defense and what will be his relationship to the NAT Council and the NAT Defense Committee, etc? Would the European Army operate subject to as well as "in accordance with" strategy established by NATO? Is a battalion really intended to be the largest German unit

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[1] Department of State *Bulletin*, November 13, 1950, p. 777.

[2] In telegram 3497, not printed, McCloy questioned the real intent of the French proposal, though he said he believed the NATO participants must make the best of it if the French intentions were sincere. He informed the Department that he had decided to go to Paris on the 27th to see Monnet, and hopefully to see Bruce at the same time (762A.5/10–2650).

[3] In Depto 134 from London, October 25, not printed, the recently appointed U.S. Vice Deputy Representative on the North Atlantic Council, Theodore C. Achilles, reported on his discussion with Dixon and Shuckburgh regarding the Pleven Plan for a European army.

or the largest unit for all countries and in either case is there room for negotiation (the impossibility of limited units to battalion size is obvious)? Is the French proposal merely deliberate delaying action or is it an attempt to dominate the German situation or alternatively is it advanced in all good faith as the best if not the only way of obtaining approval of French public opinion?

4. As McCloy points out in his 3497, it is illogical for the French to make the commencement negotiations re the Pleven proposal conditional on the conclusion of a treaty for pooling of iron and steel. If we accepted this condition, we might well face the prospect of an intolerably long delay in formulating and carrying through plans for the use of German units. We must attempt to dissociate the timing of negotiations on the Pleven proposal from the Schuman Plan, so that negotiations on the former can begin at once.

5. With respect to the latter, it seems to me that we should make it quite clear to the Germans that they cannot gain more by appealing to us and by relying on NAT contracts for German products than they can through Schuman Plan negotiations. At the same time, however, we might usefully prod the French into a less dogmatic approach to the Schuman negotiations and perhaps attempt to dissuade them from their excessive concern with cartels. The Schuman Plan is essential to genuine Franco-German *rapprochement* and should not become, as Bohlen suggests, a casualty.

6. If such points as those outlined above can be clarified and satisfactorily resolved, it should then be possible for us to assist the French in various respects. The proposal offers the opportunity, from the tactical point of view, of permitting the French to take lead in formulating and negotiating important measure for the integration of Western Germany with the West. It may be another important means for bringing about Franco-German *rapprochement*, thus permitting the formation of an effective defense of western Europe.

7. The Pleven proposal presumably is to be made to the UK as well as certain other countries of western Europe. You will have noted from Embtel 2373 [4] however that the French intend to proceed even though the British will not join. The British position has, of course, not yet been determined. Judging from past experience, I think it almost certain that British would not agree to participate in a scheme which involves a substantial relinquishment of national sovereignty and the creation of a supra-national authority if limited only to European countries. Accordingly, it would, I believe, be futile to pressure them into joining such a plan. It would be desirable to inform them that we understand their reasons and agree with their attitude but

[4] Not printed.

that we still wish to discuss our position with them and obtain their support in the attitude we take toward the French and Germans.

8. If a number of questions in the Pleven proposal cannot be resolved and it must be rejected, I suggest that this be done by as many other NAT members as possible.

Sent Department 2434, repeated information Paris for Bruce 728, Frankfort HICOG for McCloy 298.

DOUGLAS

740.5/10–2950 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET PRIORITY NIACT WASHINGTON, October 29, 1950—9 p. m.

2264. Eyes only for Bruce—no distribution. Following résumé of Oct. 28 Defense Committee discussion re German participation Eur defense for your info only:

Moch prefaced his presentation Fr proposals by reading declaration received from his govt:

"Question of Ger military contribution to def of West Eur discussed under all its aspects by Fr. cabinet as well as by Fr powers [*sic*]. It clearly results from these debates that proposal of Fr govt constitutes the only method through which Ger military contribution to def West Eur can be assured being accepted by Fr public opinion.

Fr govt is convinced its proposal represents only effective way setting up within NATO framework efficient Eur def force, including Ger contribution as already indicated; to have modalities and finalization of proposal worked out in common with all participating Eur countries and with coordination NATO."

He then drew attention to alleged weaknesses of Fr proposals which were without foundation.

(*a*) *Doubts raised as to France's determination to contribute her maximum to common def.* Moch pointed to record since Korea and claimed France's could be safely compared with that any other country.

(*b*) *Accusation Fr proposed integrated force would be outside NATO.* Moch insisted Fr proposed force would be at disposal SHAPE just like all nat'l contingents.

(*c*) *Dilatory tactics.* Moch claimed that to contrary Ger units could be integrated more quickly into Fr proposed force than Ger divisions could be raised. In this connection he stressed and repeated later this would be particularly true if the US kept its promise not to divert equip to Gers with result Ger divisions could only be equipped after those of Allies.

(*d*) *Permanent discrimination against Ger.* Although pointing to fact France would be amply justified in so doing, Moch contested

this charge by saying that after transition phase all Eur forces excepting for non-NATO purposes would find themselves integrated into single Eur army.

While claiming he did not wish to be obliged take position "today" on principle Ger divisions and of central fed Ger agency, Moch went on to say that for political, psychological and military reasons France was obliged to "oppose totally" the creation of Ger divisions and of fed agency which wld unavoidably lead to camouflaged Ger general staff and Ger Army.

Moch referred to differences between Fr proposed Eur Army and that under US plan:

US plan nat'l divisions would merely be juxtaposed under single command and force would be only more or less standardized. Instead Eur army would have a true Eur character and would be tied to a new organization of Eur, really promoting united Eur. Thereafter Eur army would be integrated with US and other contingents. Fr proposal has advantage starting experiment on small realistic scale but doing so as soon as possible. The scale to be defined by mil experts.

Moch then emphasized three "conditions precedent" set by Pleven.

1. Signature of pact covering Schuman Plan, "which normally should take place in few days". This step essential to "internationalize defense raw materials". If Fr intend to be dilatory subordination would be to ratification instead of to signature.
2. There must be political basis to Eur army. Again Moch said that had Fr wished to obstruct progress, she would have asked for full fed Eur govt but instead was only insisting on creation of Eur def mins responsible to nat'l Eur DefMins, to the govts of Eur countries and to nucleus of Eur Assembly.
3. Eur DefMin would be charged receiving from colleagues nat'l contingents to be merged into Eur army. He would be responsible for recruiting Ger manpower in proportions stipulated by DefMins and the budding Eur assembly. Moch then made it quite clear that in regard to Ger and vis-à-vis SHAPE the Eur DefMin wld play same role as the nat'l DefMins in regard to their nat'l forces. The Eur DefMins would use services Ger ministries labor and interior to raise required Ger manpower.

As to Eur assembly which would control Eur DefMins Moch said immaterial whether it would be present Strasbourg Council of Eur, delegation thereof or perhaps new assembly composed of delegations from nat'l parliaments. What counted he insisted was principle of political control.

Moch explained that should agreement prevail on Fr proposal Fr govt intended to convene in Paris within eight days after signature coal, steel pact, a conference of all Eur powers to which observers from American Continent would be "welcomed as friends". This

conference wld establish conditions for raising first contingents for Eur army.

While admitting question more within province NAT Council, Moch then advanced argument such procedure wld simplify problem dealing with Ger, particularly in view past position Allied statesmen they would not place themselves in position of soliciting Ger. This as Ger del could be invited who could be neither solicitor or offerer. Complex technical problems such as promotions, status of personnel, pay, etc. would be responsibility Eur DefMins.

First Eur army contingent limited 100,000 men with undefined proportion Gers. Thereafter size would be increased from year to year. Eventually all nat'l forces excepting those for non-NATO purposes would be merged. In concluding Moch suggested Fr proposal be considered by mixed political military committee.

Danish DefMin recognized Fr project much more far-reaching than US proposal and said it touched upon many problems vital concern to all which eventually may and shld be solved. However, he deeply regretted be compelled express grave doubt whether present is right moment for implementing Fr plan. He pointed to many complications and difficulties which had been caused by simpler US proposal and pointed out how much greater these wld be under Fr plan. He stressed important time factor and urged def NAT Eur countries be ready soon as possible. Even if technically Fr proposal would permit Ger participating just as quickly as US, he feared constitutional problem under Fr alternative would be insurmountable. Believes US proposal to be important step in right direction and one which could be implemented soon. Notwithstanding domestic Danish governmental crisis, DefMin authorized support US proposal. Danish rep pointed grave political problem in Denmark caused by Ger rearmament in view wartime occupation, etc. but said Denmark accepted in principle both the participation of Ger units in a Eur defense force and of Ger production in support of this force. Danish DefMin insisted on Danish view that NAT line of def must follow approximately the present demarcation line in Ger.

Port read statement into record accepting US proposal while recognizing risks involved. Unbalance between forces of Sovs and West such that no choice but invite Ger participation. Regarding Fr proposal, however, Portuguese nat'l sentiments so deeply rooted that Port cannot accept idea federated Eur and referred to fact Port not represented Council Europe.

In series of questions end mtg Shinwell only resulted in drawing reiterations from Moch that Fr wld only accept Ger participation on conditions that Ger rearmament cannot become risk for Eur democra-

cies: no major military units, Ger units must be integrated into Eur divisions. Therefore, in no case could Fr govt associate itself with US proposal.

Def. Committee will continue discussion this subject tomorrow Oct 30.

Sent Paris for Bruce as [2264], rptd London for Douglas as [2223] and Frankfort for McCloy as [3155].

ACHESON

740.5/10–3050 : Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET WASHINGTON, October 30, 1950—11 p. m.

2289. For Amb no distribution. When NAT Def Comite reconvened this morning Belg pointed to risks contained US formula which might lead to reconstitution Ger army and danger thus giving powerful instrument to Ger which might enable it fol a purely Ger national policy. Suggested no point in provoking Sov now when only ten divisions available to oppose them and when much time needed form Ger divisions in view lack matériel. Also discounted US safeguards. Turning to Fr formula Belg pointed to lack details and practical difficulties presented by Eur army. Expressed thought perplexity and doubts in Def Comite over Fr proposal largely due fact it was being considered in its extreme form. Instead, recommended Fr proposal be considered in its first experimental stage. Proposed attempt to reconcile positive aspects both formulae using results two previous experiments (*a*) Fr Fon Legion (*b*) UN army in Korea where commander has accepted contribution at battalion scale. Regardless of precise methods adopted, Belg recommended efforts be concentrated on mtg deficiencies revealed in plan at D plus 30 which contrasts with more favorable showing for D day availabilities. Consequently Belg proposed estab of a mixed political-military comite which wld present its findings and conclusions within brief period.

Neth noted agreement existed on what shld not be done, i. e., no Ger army or gen staff etc., but no agreement on what shld be done. While politically difficult, Neth accept principle Ger rearmament at division level and deeply regret Fr inability agree. Re Fr proposal, expressed fear it might in fact endanger implementation of very prin which it avowedly professes to support, i. e., build up adequate Eur def in good time which requires Ger participation. Latter doubtful under Fr plan and begged for further step on part Fr to move out of impasse.

[1] Repeated to London as 2242.

Ital made strong intervention on behalf US plan pointing to truly revolutionary US offer station troops Eur in peacetime and stating that if Eur might do without Ger, it cld not do without US. In fact at least US proposal Eur force concretely promotes an increasingly united Eur. Referring Fr proposal, Ital reaffirmed strong support Schuman Plan but grave doubts concerning time necessary to put into effect Fr proposed polit and constitutional framework. Recommended mil aspects Fr plan not incompatible with creation Eur force and that therefore US plan be accepted as basis for discussion mil problem, polit problem not being within competence Def Comite.

Norwegian DefMin also referred political difficulty in Norway over principle Ger rearmament so soon after recent war. However, Norway agrees Ger units must be included in Eur Def force and Ger production used if imbalance between USSR and West to be corrected. However, Ger contribution to common defense must be a real one, making sense militarily. Must not cumulate political disadvantages Ger rearmament policy without obtaining corresponding concrete advantage. Def Comite's task tell Council how this to be done, leaving political aspects to latter. Regretted [French] [2] position which had prevented obtaining badly needed technical advice from Mil Comite. Suggested compromise of brigades or regimental combat teams instead of divisions to satisfy Fr. Concerning administration and training aspects, could not these be put under SHAPE to avoid purely Ger agency unpalatable to Fr? Def Comite cannot admit bankruptcy and Nor Rep suggested one or two day recess.

Lux supported Fr proposal and thought Comite to study Fr plan justified.

Can Rep expressed fear status of Gers in Fr proposed integrated army wld be such as to prevent Ger popular support which he felt essential. Also pointed to Supreme Allied Commander's great difficulties in coordinating different categories of forces proposed by Fr. Issue not between accepting Fr plan or doing nothing. If cannot settle this mtg, Can ready consider Belg proposal of Mixed Commission or else reference to existing body such as Council Deps with military advisers.

Shinwell, while recognizing France's geographical and historical position vis-à-vis Ger, stressed urgency building up immediate effective defense organization and asked several rhetorical questions:

A. Is it agreed that Ger participation in def West essential? Thought answer was yes and expressed belief even Fr public wld not stand for Gers standing by while others defended Ger.

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[2] Brackets in the source text.

B. Why shld Fr plan be accepted if result is unstable, capable of easy disintegration and not acceptable to all including Gers? Shinwell felt no military expert wld find it satisfactory.

C. Saw no merit in losing time over political conditions proposed by Fr, as only embryonic and highly controversial Eur Assembly involved.

D. US plan tangible, substantial and material. Furthermore, for first time, involves US forces in Eur in peacetime. US plan cld avoid major conflict.

E. Answering his last question Shinwell expressed belief Fr plan wld only excite laughter and ridicule in USSR.

Shinwell proposed Fr Govt make unequivocally clear acceptance principle Ger rearmament contained in US plan which wld tend permit quick progress even though US proposal requires more study. If we go along, might be able reconcile some of best features Fr plan with US.

Marshall then stated US Govt and people aware that possible hazards and dangers of Ger rearmament consituted threat to Eur rather than to US. US ready consider any plan but we desire it be a realistic military plan. Solution may not be US proposal as submitted but result of mtg must be militarily realistic and give us assurance of possible successful action in case of an emergency in near future and assurance of probable successful action in case emergency at later date. Realistic plan must take account time, psychological and economic factors, but mainly of realistic factors common to understanding of all soldiers.

After noon recess Moch thanked Belg for its proposal. Agreed with Belg analysis weaknesses US plan but wld refrain from further comments "in order to build and not to criticize". Referring to his instructions, specifying willingness discuss all details Fr proposal but refuse any kind of Ger rearmament if Fr principles were refused, he then stated that at possible risk of going further he accepted Belg proposal *in toto*. At New York in Sept Fr only accepted the formula requesting Def Comite to recommend technical methods by which Ger cld most usefully contribute, the undesirability of recreating a Ger general staff and army being recognized by all. Fr denies today, as it did yesterday, that Ger defense or Ger Central Federal Agency wld constitute best method cope with problem. If Fr accepts reference to a joint political-military Comite, this can only be on basis principle of Ger rearmament discussed within framework of Fr plan. Adoption of Dutch and Italian proposals begin discussions on basis US proposal wld probably result in grave NATO crisis which it is our duty to avoid. Referring previous statements in mtg, he stressed no agreement yet reached re principle of Ger rearmament and that he wld and cld

go no further than New York decisions concerning details such as Ger police. Past Fr efforts towards conciliation shld not now be turned against Fr: "We will accept Germans in a Eur army with a suitable political foundation but we must say no to Ger int divs in a NATO army". He expressed confidence US wld not seek impose its will as free Eur countries not satellites and that US wld not use reprisals.

Moch thanked Belg, again accepted reference of Fr proposal to *ad hoc* pol-mil comite or to Deps aided by mil advisers who wld report either to NAT Council or to grp consisting of FonMins and DefMins on condition, however, that Ger rearmament be withheld pending report.

UK Rep then expressed regret Fr were prejudging recommendation of Commission by announcing Fr refusal to consider, unless within polit framework of Fr proposal. Hoped Fr wld agree to Commission, concerning itself exclusively with mil technicalities leading to report which DefMins cld then examine.

Instead Moch insisted Belg proposed Commission study both political and technical aspects.

Ital Rep accepted Belg proposal only on condition Commission wld study US, Fr, and any other proposal which might be made.

Norway sought to clarify earlier proposal by stressing Def Comite shld perform its job and direct study forthwith of problem by civilian and military experts now present in Wash. All proposals, not just Fr, shld be considered.

Portugal agreed with Norwegian and Italian suggestion.

Shinwell then sought clarification of Belg terms of reference. Did Belg intend study to be within political framework Fr proposals only, or wld comite examine political and technical aspects of both Fr and US plans? What was meant by a report within "a short time"? Belg answered he had no preconceived ideas; that his only thought was to entrust Comite with task of pursuing Def Comite's work and shld report either to Def Comite or to NAT Council, enlarged by DefMins within three or four weeks. Upon further questioning Belg elaborated Mixed Committee shld work within framework New York decisions. Long exchange then occurred between Moch and Shinwell as to precisely what had occurred in New York.

Comite then recessed for half an hour.

Norway then proposed subject be referred to Deps and to Mil Comite, to report back by Friday or Monday. Denmark seconded Norwegian proposal.

Belg then proposed resolution to effect Def Comite, having noted proposals made within framework Council's resolution, having noted US and Fr plans and comments of other delegations concerning Ger

participation in Eur def, and recognizing impossibility fully examine political and military aspects of matter, invites Deps, aided by Mil Comite, to pursue study and report fully to NAT Council augmented by DefMins soonest possible.

Moch accepted Belg proposal without change.

Norway commented 100 percent support by Fr of Belg resolution was illuminating but nevertheless requested opinion other delegations re their proposal.

UK termed Belg proposal "Act of abdication" and as "merely passing the buck". Strongly supported Norwegian suggestion and urged Def Comite keep matter within its own hands and use only organizations already set up. Urged this procedure be followed even if Def Comite had to wait two or three weeks. Only after Def Comite had exhausted all possibilities reach agreement, shld matter be referred to Council. Pointed out that Council might very properly again refer problem to Def Comite as it was a def problem.

Portugal expressed full support UK position.

Italy supported UK position but thought it cld agree Belg proposal if amended so that problem referred to existing Treaty orgs.

Neths agreed with Italy.

Canada expressed pessimism over solution in Def Comite at this time. Recommended reference any other NATO body.

Marshall asked Belgium to agree amendment its proposal so that report of mixed comm be made to Def Comite.

Belgium agreed if consensus of mtg.

Italy insisted Def Comite cld not "pass buck back" to North Atlantic Council.

Moch suggested problem be referred back to Deps and Mil Comite with instrs report be made to Def Comite if only mil problem involved and to joint council—DefMin group if both polit and mil problems must be solved.

Shinwell then proposed Belg terms of reference be accepted with understanding all proposals be examined and that examination be by mil comite first and Deps second and that report be made to Def Comite. Stated that if Deps considered first and Mil Comite second matter wld thus be studied as problem of federating Europe instead of def of Europe.

Moch stressed impossibility isolate mil and polit aspects as some mil complications exist under one set of polit assumptions and not under others. He thought UK efforts in this direction wld only result in delay and new Def Comite session as unfruitful as present one. Question shld go to Deps first, to Mil Comite second (in view relative rank these two bodies), then back to Def Comite if only mil problems

involved or to Council plus Def Comite if there are both mil and political problems. However, fears Shinwell has ulterior motive in seeking separate military from political aspects, which separation France cannot accept.

Marshall then stated that in view number amendments to Belg proposal, he considered it defeated and proposed that "contribution of Ger to defense of Western Eur be referred to Council Deps and to Mil Comite, meeting together after each one wld have separately studied the political and military aspects of problem. After the joint mtg a report wld be made to Def Comite. There being no opposition Marshall announced that this decision had been adopted and mtg adjourned until Oct 31, 9 : 30 a. m.

ACHESON

740.5/10–3150 : Telegram

The Secretary of State to the Embassy in France[1]

TOP SECRET WASHINGTON, October 31, 1950—8 p. m.

2313. For Ambassador, eyes only, no distribution. When DefComite reconvened 9 : 30 this morning, Secretariat's draft of US proposal made end yesterday's session was adopted. Moch accepted but commented that separate consideration polit and mil aspects of Ger contribution would not be fruitful and that he had not understood last evening this part Chairman's suggestion. Reaffirmed his belief Mil Comite won't be able do useful work by itself and that joint session both groups will quickly reveal itself necessary in view interplay polit and mil factors.

Marshall then opened discussion as to whether agenda items 7 and 8 (creation of integrated Eur Defense force and establishment of supreme headquarters, re-org of NATO mil structure) shld be joint and so recommended. He added, however, that estab of an integrated force whose mission is to defend Western Eur including Western Ger was directly linked with preceding items on agenda concerning role which Germany shld play in common defense. In opinion US Govt until US knows what arrangements will be agreed by NATO on contribution of Germany to defense WE including Western Germany, it is not possible give final form to command and mil structure for integration force. He proposed the Def Commite refer these two papers back to Mil Commite without action at this time by Defcomite and that Milcomite be requested continue study these subjs and further develop and modify them as required in light of their

[1] Repeated to London as 2262 (for Ambassador) and to HICOG, Frankfort, as 3217 (for McCloy).

study of Ger problem. Before doing so, however, he asked for comite's opinion as to whether or not it wld be useful to examine the broad points contained in these docs and also to consider whether any drafting changes might be necessary.

Joint consideration of both papers was decided.

Shinwell expressed profound concern over turn of events in Defcomite adding that Gen Marshall's statement only confirmed his worst fears. Thought Ger contribution was heart of problem and as long items 7 and 8 were tied thereto little advantage in discussing them. Suggested short recess of two or three days to seek solution.

Shinwell stated obvious Marshall's declaration meant US Govt not prepared to proceed either with integrated force, new NATO mil structure or appointment supreme commander until method obtaining realistic Ger contribution decided. Added this might mean UK reluctance make additional contributions to Western forces. Insisted Defcomite could not break up without at least some success and urged two or three days recess to permit discs and exchanges of views.

Moch pointed to gravity US declaration and to UK's even more alarming interpretation thereof and sought to "straighten the record". He alleged change of policy on part US since NY Council mtg, in particular in matter of naming supreme allied commander soonest. Regardless of changes on parts of others he instead wished reaffirm Fr res push forward Fr rearmament at the announced rhythm as long as materially possible.

Marshall expressed desire specifically comment on point raised by Moch and especially concerning US position in Milcomite where Ger contribution not discussed. He said he had instructed personally US reps to refrain from any disc of Ger rearmament solely to be helpful and to give maximum time to Fr Gov and parliament for disc and decision.

Italy expressed belief that any further disc items 7 and 8 wld only be theoretic view of US position which had been expected and was in full agreement with the US position ever since the initiation of discs in the Council. Urged recess for half hour.

After recess Belgium recommended adjournment and new mtg in fifteen days after Deps and Milcomite wld have studied proposal.

Moch agreed with Belg recommendation and emphasized that adjournment for two or three days highly undesirable: *a*) it wld publicize difficulties and *b*) view inadequate time resumption on Friday wld only reveal same deadlock as today.

Den rep strongly urged two or three days recess even though it might cause Moch and Fr Gov some difficulties. Def Mins cld not go home with only failure to report. In long attack against Fr position

he expressed disappointment "to use mild word" that all Fr statements and Fr plan reveal complete disregard security of Denmark and Norway. Stated this was strange manner for Fr to pave way towards Eur federation and called on other reps to express frankly their thoughts about Fr policy. Practical solution of Denmark's security problem must be found and urged two or three days recess.

Norway supported Denmark's proposal and reflected Denmark's opinion of Fr in more dipl language. Concluded by saying it was duty of statesmen to lead people and expressed hope that Moch will devote himself to creating situation [in] Fr be it in two or three days or else in fourteen days which wld permit Fr Gov to discuss problem with more open mind.

Port supported brief recess formula.

Commenting on Den attack, Moch expressed indignation that Fr's efforts to unite Eur cld be turned against her and that she cld be accused of selfishness.

Stated methods which seemed quickest were not always fastest and again emphatically stated two or three days insufficient to arrive at solution acceptable to all.

Neth reminded mtg her attitude different from France's and believed Fr plan presented perhaps insurmountable difficulties. Also pointed to impossibility convince Ger youth stand guard on Elbe unless they do so with their heart and soul, which is not to be expected under Fr proposal. This means must, however, proceed cautiously and therefore safest course to reconvene in two weeks.

Lux agreed.

Shinwell rptd many of his previous arguments concerning gravity of moment, particularly in light US statement. Criticized Belg proposition as similar to line of reasoning favoring reference of problem back to Council. While UK wld have much preferred Nor proposal for short recess, Shinwell now resigned to fourteen or fifteen day solution view Fr inflexibility.

Italy also expressed belief that longer recess only solution offering chances of agreement.

Can agreed with preceding speakers in that risk of failure if comite reconvened too soon was such that regretfully Can supported longer adjournment.

Den withdrew its proposal and it was finally decided that the next mtg wld be subj to the call of the chair, with no time limit indicated.

When mtg reconvened at 3 p. m. it was decided to omit dis on items 7 and 8 until next mtg when wld be considered with item 6.

Item 9, North Atlantic Ocean Command Org, in case of war, was approved subj to a Dutch technical reservation concerning the lack of

an adequate command org in Western Eur waters, and particularly with reference to convoys between Benelux and UK. The chair stated this matter shld receive the Standing Group's earliest attn.

Item 10, estab of a mil standardization agency in NATO. Belgium pointed to the necessity of going further than standardization agency and establish an office to set mil requirements, not only in quality but in quantity and time-phases; that the absence of such an agency has materially delayed natl armament programs.

Can stressed its experience in the field of internatl standardization of mil equipment due to its long experience with both UK and US types and placed herself at the NATO's disposal.

The standardization report was noted.

Item 11: US statement on East–West trade. Statement [2] was noted after Moch had expressed France's skepticism due to failure of previous attempts in this field such as sanctions against fascist countries.

Item 12: Assoc of the Turk and Greek Govs with NATO mil planning. Report was noted and referred to the Council for its info.

At the suggestion of Belgium, it was decided that the US wld retain chairmanship of Defcomite until present agenda wld be exhausted at the next session and it was agreed that Belgium wld take the chair at the end of the next mtg. It was also decided to synchronize the turnover of the chairmanship of the Milcomite with the Defcomite. Consequently, Gen Bradley will remain chairman until Belgium takes over the Defcomite. Communiqué [3] was then agreed and mtg adjourned at 5:30.

ACHESON

[2] The text of this statement, presented by Marshall to the Defense Committee at this point, is scheduled for publication in volume IV.

[3] The communiqué, released to the press on November 1, included the following statement concerning the Defense Ministers' discussions of a European army: "The Ministers considered that the broad questions before the Defense Committee so vitally affected the organization of the future integrated force for the defense of Europe that decisions on the final form of the military organization and command structure should be postponed until there had been further consideration of the issues involved."

740.5/11–350: Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET PRIORITY NIACT WASHINGTON, November 3, 1950—3 p. m.

2377. For the Ambassador from the Secretary. Eyes only. In view substance Fr plan for Ger participation Eur defense and Fr internal

[1] Repeated to London for the Ambassador as 2306, and to HICOG, Frankfort, for McCloy as 3284.

polit considerations which governed its formulation, we had not expected to be able make any great progress at Def Comite mtg itself in solving problem Ger participation. We had thought Fr desired gain time during which negots leading to at least a minimum agreement cld be reached, thus permitting Eur countries, with our aid and active participation, proceed with urgent business creating an effective NAT defense force. Accordingly Gen Marshall scrupulously avoided joining in discussion and criticism Fr plan or pressing for acceptance US plan in order not create an impasse which might tend freeze either our position or that of Fr. It was also with this same thought in mind Gen Marshall instructed US Reps on Standing Group and Mil Comite not raise question Ger participation prior its discussion in Defense Comite. This Fr had led us believe was their wish. Moch, during course discussions, deliberately distorted our motives and in effect accused us breach of faith in now tying estab[lishment] SHAPE to settlement Ger participation issue. (Gen Marshall replied he had personally instructed US Reps on SG and Mil Comite not raise Ger issue in order not embarrass Fr.)

With foregoing in mind, we are very seriously disturbed by attitude which Moch displayed at mtg. As we have cabled you (Deptels 2264, Oct 29, 2289, Oct 30, and 2313, Oct 31) Moch's position was one of extreme intransigence. The Nor DefMin accurately reflected views other Mins when he said during closing discussion: "I shld like to say that personally I didn't like this take-it-or-leave-it proposition that was presented at the very beginning of our mtg, and that he has stuck to the very end. I thought yesterday before noon that it might be an opening position. It seems to be also his last position. That is why we feel disappointed and disturbed. If we all did that I am afraid that we wld have a rather difficult time. I am afraid we wouldn't move very far. . . . I shld like to appeal to Monsieur Moch that he will try to create a situation either in two days, three days, or in fourteen days where the Fr Govt can discuss the problems with us with an open mind, or if that is too much, with more of an open mind than we have experienced here yesterday and today." Moch showed no desire whatsoever match attitudes all other DefMins that this was a vitally urgent problem which cld only be solved in spirit of give and take, and willingness compromise. In addition, Moch created a further and most unfortunate impression (in terms of security and taste) on Reps of other countries, perhaps quite unconsciously, by having Mme. Moch sit directly behind him and advise him during much of mtg, with Gen Lecheres and other Fr mil relegated to rear ranks.

Gen Marshall's superb and impartial handling of Chairmanship, and Secy's remarks at his press conference [day before] yesterday

morning (Deptel 2323, Nov 1 [2]), were, of course, both designed create proper atmosphere for negot of problem. Moch's conduct at Def Comite mtg and, in addition, at his press conference last night during which he reiterated Fr position thus tending freeze it, further increased adverse reactions among all other NAT Reps here and have caused very deep resentment.

It wld be impossible exaggerate unfavorable character impression created on other Eur Reps. Nors and Danes struck a receptive chord in most delegs when they charged Fr plan was principally concerned with Fr security and ignored theirs. (Feeling is such that we do not believe Fr proposal cld be accepted even had it full US support). They pointed to such defects as lack of proposed defensive line which took account of their security, emphasis on control Ger manpower through cadres which wld have to be essentially Fr under present conditions in Continental Eur, limitation Ger participation to elements in a mere Eur Fon Legion and role of Eur DefMin, presumably a Frenchman, as *de facto* DefMin for Ger. In reply to Moch's statement Fr plan was designed create closer Continental Eur unity, Den DefMin said: "Now Mr. Moch has in this conference argued in such a way that it is clear that two, perhaps more, of the small countries are out of the picture in Fr policy expounded (at this table) and that this is the way in which Fr will pave the way to Eur federation!" It is our own view Moch has dealt cause Fr leadership on Continent Eur, which we have encouraged, a severe blow.

If Moch's position accurately reflects attitude Fr Govt, it seems clear there is little hope agreeing on any mil sound plan for defense Western Eur including Western Ger since other Eurs themselves think plan polit and mil unsound quite aside from Ger aspect of problem. It therefore seems imperative you put problem squarely before Pleven and Schuman in order ascertain how Fr Govt intends proceed, and ascertain whether Moch's quasi-dictatorial intransigence accurately reflects Fr Govt's true attitude and position. In so doing you shld make clear to both of them fol points:

1. We believe and still continue believe that problem of building up defs of Eur so that it wld not be overrun and subsequently liberated, is considered by Fr Gov as paramount. The other Eur countries certainly believe so and feel that this is most urgent problem on which immed progress is imperative.

2. France has put forth a plan which is considered mil unsound by mil experts of NAT countries (FYI Fr mil from top down have

[2] Not printed.

told us privately they fully share this view although they cannot express it officially).

3. This plan is also polit unacceptable to an overwhelming majority other NAT members, particularly UK, Nor, Den, Neth, Portugal and Italy, all of whom point out Fr plan in its present form unacceptable and even anything remotely resembling it wld take at least several years negot and obtain necessary individual parliamentary approval. (Belgium and Lux, while not buying Fr plan, were only two reps who did not vigorously oppose it. One Belg told us privately they took a conciliatory attitude re Fr "just to gain some time").

4. In addition, plan wld also be totally unacceptable Ger. As unpalatable to Fr and others as it may be, it is a fact Gers will not really defend Elbe or any other line in Ger unless Ger public opinion in support. This position which we did not put forward or comment on, was perhaps best expressed by Den Reps: "We cld not conceive—we cld not convince a new renascent Ger youth to stand guard on the Elbe if they did not do this with all their heart and soul. This is a problem which we will need to study. It will have to be handled with prudence. There will be many difficulties, but the solutions will undoubtedly be found."

5. Fr can be assured this Govt is convinced desirability of closer assoc among Eur nations in any feasible form and will welcome as in past constructive Fr efforts and leadership that direction but constructive leadership to be effective must be realistic. (This particular Fr effort has only served alienate other Eur countries from this concept and weaken Fr leadership. This was evident in Dutch Rep's remark: "We must ask ourselves seriously, Mr. Chairman, whether the Fr proposal does not go far to endanger the realization of the very principle whose application it intends to promote.") If Fr insist on their present plan, as interpreted by Moch, as a condition for an effective def system for Western Eur, including Western Ger, it is obvious that not only will no agreement be reached but that we will be obliged review our entire policy toward def of Western Europe. While we continue to hope Fr will be both cornerstone and leader of Continent, it wld be dangerous for Fr base their policy on assumption American Congress or people or other Eur countries for that matter—will continue give full support France regardless France's actions.

6. In this connection, US Gov has three times gone to Congress for large appropriations to build adequate Eur defensive strength. Since def Eur was in our own interest but also even more in interest Western Eur countries, we had expected full cooperation on their part in development of realistic and mil sound plan which we cld support. In effect in going to Congress for three previous appropriations totaling some six billion odd dollars—of which Fr receiving lion's share—we have believed and told Congress that such realistic and mil sound plan was in process formulation and wld soon be in operation. While we have conscientiously avoided in any way linking our mil assistance program to a satis agreement on Ger participation notably in recent Moch-Petsche discussions in Wash, Fr must know that if we are to

obtain appropriations carry on Mil Assistance Program in Eur after June 30, 1951, we must go to Congress in Jan with sound presentation based on mil realistic plan. We do not feel we can again go to Congress on basis indefinite promises as to when we will have such plan. We are even less willing do so in light attitude adopted by Moch, particularly if it in any way reflects position held by Fr Govt. Fr must realize while we are as anxious as they are that they develop their own mil strength according present plan and we desire give them necessary assistance, in so doing we cannot ask Congress for money which we do not believe will be spent in building an effective defensive system for Western Eur as a whole.

7. It seems to us that burden proof whether Fr sincerely desire build up defenses Eur with Amer aid and extensive participation rests now squarely with Fr Govt. Unless Fr give evidence they are willing use all available means organizing defenses Western Eur including France, they can hardly expect Amer people feel they shld make a major contribution this end. In particular, proof their sincerity will be tested by attitude which their Reps take in Mil Comite and in Council of Deps which are now endeavoring arrive at a formula which will permit us proceed forward in common task building up defensive strength of West.

8. Contrary Moch's allegation US proposal re Ger's contribution was also a take-it-or-leave-it proposition, we have been and remain quite ready discuss it and modify it just as long as result makes mil sense and will prove acceptable to other NATO members and Gers. However, until we know where Fr Govt really stands on issue, we cannot judge how far we can go meet them. In particular, we must know whether position taken by Moch is shared by Fr Govt.

9. Fr Assembly Res stressed desirability safeguards against resurgence Ger militarism as condition acceptance principle Ger participation Western Eur defense. We are acutely aware legitimacy Fr fears on grounds both history and geography and therefore fully appreciate importance such safeguards. Fr must realize however other Eur countries have same concern. We endeavored incorporate adequate safeguards in our proposals and hoped receive proposals from others. Although US proposals not specifically discussed, Fr appear consider safeguards inadequate. As indicated above, we are fully prepared explore this problem open-mindedly; it is essential Fr approach in coming discussions be likewise open-minded. We are not however prepared continue on a Fr take-it-or-leave-it basis or indefinite delay. Mil aspects will be actively under review in Mil Comite in coming weeks, where US will welcome specific criticisms its plan or constructive alternatives which wld give sound mil results. On polit and admin side, we believe exploration in Deps may show possibilities strengthening NATO organization so as achieve at least some objectives Fr proposal. Cannot over-stress conviction importance reaching genuinely workable agreement that makes mil sense well before end this year in order maintain public impetus behind effective NATO Def measures, meet Congressional time-table, and permit US

take immed steps it wld like take get on with task remedying dangerous weakness Western Eur.

ACHESON

740.5/11–350 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET PRIORITY WASHINGTON, November 3, 1950—5 p. m.

2309. For Douglas. As you know NAT Def Mins were unable at recent mtg make progress in constitution force for def Eur. This inability was due to absolute intransigeance of Moch who insisted throughout Fr wld only consider Ger contribution Eur def only within framework Fr proposals. Polit and mil aspects plan were wholly unacceptable other Eurs present (without supporting Fr plan, Belg and Lux sought to temporize) and it is clear they wld be equally unacceptable to Gers. US felt unable proceed with its contribution to Eur force while such central issue remained wholly unresolved. We and other Eurs are prepared make reasonable concessions provided we consider an effective force wld result but no progress appears possible as long as Fr stick rigidly to unrealistic and unacceptable scheme.

We are asking Bruce discuss situation frankly with Pleven and Schuman to determine whether position Moch represents position Fr Govt as whole (tel will be rptd to you). We are inclined believe it does not. We recognize however strategic position Socialists in Fr Govt enables them exercise influence out of proportion real strength. Key to restoring some flexibility Fr position may therefore be in convincing Fr Socialists, with or without Moch, that present stand is injurious interests France and Party itself.

We presume Labor Govt, which is as deeply disturbed at this development as we are, may have already approached Fr Socialists, perhaps Mollet during his recent visit, to point out vigorously and frankly grave responsibility they are assuming in preventing, through their insistence on the letter of an unrealistic scheme unacceptable all other NAT participants, the effective and rapid org Eur def as far east as possible. If Labor Party leaders have not already approached Fr Socialists along these lines, we hope they may consider it desirable to do so promptly before positions become more deeply frozen. It might also be useful if they shld suggest to Dutch, Belg and Scandinavian Socialists that latter also approach Fr. We are asking Mur-

phy [1] discuss matter with Spaak but consider Brit better fitted enlist support other Eur Socialists if it is felt useful.

If you perceive no objection, you are requested discuss this question with McNeil [2] or whomever you consider appropriate, inquiring what Labor Party leaders may already have done along these lines and, if they have taken no action, pointing out importance of exercise Labor Party influence in this critical field.

ACHESON

[1] Telegram 577 to Brussels, November 3, not printed.
[2] Hector McNeil, British Minister of State.

740.5/11–350

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] November 3, 1950.

Participants: Mr. Henri Bonnet, French Ambassador
The Secretary
Mr. Perkins, Assistant Secretary, EUR

I told the French Ambassador that I had asked him to come in to inform him of our concern about Moch's attitude while here in Washington. I told him that we had sent a full message to Ambassador Bruce asking him to discuss the situation with Messrs. Pleven and Schuman, and that this message had been sent with the full concurrence of the Defense Department and the State Department, and that it had been reviewed by the President. I asked him if he would be good enough to inform Mr. Schuman of this and tell him that we attached great importance to it. I told him that I did not propose to discuss it here as I saw hazard in having two channels of communication from two different places which would simply create confusion.

I told him that the press statements which General Marshall and I had issued here were an attempt to create as favorable an atmosphere as possible so that our difficulties might be resolved, and that accordingly I was very shocked by the statement Mr. Moch had made which showed a most rigid attitude. I further stated that what I had said about the views of other countries were as we knew them to be.

Ambassador Bonnet tried to make some explanation of the reasons for Moch's press conference and the way it was handled, pointing out that the French Plan had been misinterpreted in the U.S. and that he was only trying to make it clear. Ambassador Bonnet also said that he had read in the newspapers that a very stiff note would be sent to Paris. I replied that this was completely erroneous, that no note was being sent to Paris, and that all we proposed was an oral communication.

762A.5/11–450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, November 4, 1950—10 p. m.

2475. For the Secretary's eyes only. Deptel 2377.[1] I saw Pleven tonight. He has agreed:

1. That French representatives on military committee and Council of Deputies may discuss French plan, American plan, or any other proposition affecting contribution of German armed forces to European defense but that they will not be empowered to concur in any final decisions without reference to French Government.

2. He will give such instructions to General Ely who will arrive in Paris Monday and to Alphand who is due to arrive here today.

3. He will notify Moch by cable of the instructions which he, Pleven, intends to give to Ely.

4. He was familiar with the adverse reports about the way in which Moch handled himself in Washington. He talked to me quite frankly about Moch whom he thinks he can manage satisfactorily.

5. He said that Schuman will confer with a German press representative tomorrow in Rome and will make a statement regarding the French attitude toward the issue of German armed forces which will make it clear that France does not intend to practice discrimination against the Germans.

6. That the most difficult thing politically which had confronted him before Parliament was to get acceptance of any proposition approving a German contribution to western defense. This had been accomplished and he did not intend to be stubborn on details of the French point of view if he were convinced that any of them were unreasonable or impracticable, but he must point out that unless the final solution reached incorporated the idea of a further step on the integration of western Europe and a closer *rapprochement* between France and Germany he doubted its approval by the French Government and Parliament.

7. He said that starting with the agreement as a basis of discussion in the two committees that there should be no reconstitution of a German national army or a German general staff, all participants should work toward a mutually agreeable and efficacious plan for defense that would include German armed forces. In reply to my insistence on the necessity of getting something concrete accomplished before the end of this year he said that he was equally desirous of so doing and saw no reason why, if the matter were approached in a reasonable and conciliatory way by all members of NAT, this could not be done.

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[1] Dated November 3, p. 426.

8. He expressed himself quite bitterly against Shinwell and the pitifully insufficient British contribution of ground forces of only four divisions and the chronic British objections to any plan to bring about closer unification in Europe. He said he felt that if this matter could only be dealt with by the French, the US and the Germans, the three could reach an agreement in fairly short order that would have met the approval of the other members of the NAT. This last statement was by way of parenthesis and not as a suggestion.

9. For Secretary Acheson particularly: I do beg of you if possible to have the President make the reference to the Schuman plan in his Independence Speech. It would be immensely helpful now and in the future to any negotiations here, and would be highly appreciated by Schuman and others.

Sent Department 2475, repeated info London 594 eyes only for Douglas, Frankfort 264 eyes only for McCloy.

BRUCE

740.5/11–850 : Telegram

The Chargé in Belgium (McClintock) to the Secretary of State

TOP SECRET BRUSSELS, November 8, 1950—5 p. m.

721. 1. Belgian press this morning carries Reuter despatch from London quoting "authorized source" that plenary meeting of ministers of foreign affairs of NATO Council has been scheduled for mid-December in Brussels.

I asked Van Zeeland this morning if this report was correct. He said that plans had not crystallized nor was he in position to make any official statement,[1] but that in effect he thought his colleagues on NATO Council were in general agreement that it would be helpful to have such a meeting in Brussels early in December. He said he understood Department's position (Deptel 557, October 30,[2] repeated London 2229, Paris 2278) that his suggested date of November 15 was perhaps premature.

2. Since Van Zeeland has been obviously eager to play role of go-between in current impasse between US and French positions on NATO defense, and since as chairman of NATO Council he has a certain role to play, I permitted him to read intel of November 5, 1 a. m.,[3] which sets forth US position very forcefully and clearly, in order that he should be under no misapprehension as to our views.

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[1] Van Zeeland assumed Chairmanship of the North Atlantic Council after the close of the September session in New York.

[2] Not printed.

[3] Circular telegram to Brussels, Copenhagen, The Hague, Lisbon, Moscow, Oslo, Ottawa, Reykjavik, and Rome (passed to Luxembourg from Brussels), not printed. This telegram repeated the views expressed in telegram 2377 to Paris, November 3, p. 426.

Van Zeeland said that he understood US point of view and completely agreed with it. He particularly stressed paragraphs 8 of reftel and said he envisaged task of other NATO partners as one of reconciling differences between US and French positions. He said that progress had been made in this direction in Rome and cited as an example a report he received that French were not insistent on limiting German units only to battalion strength but might be willing to consider units larger than this but less than of divisional strength, a compromise being worked out along lines of "combat teams", "task forces", or any other phraseology contemplating units larger than a regiment.

3. Throughout conversation Van Zeeland stressed his faith in Schuman's sincerity and his regret that it had not been Schuman but Moch who presented French views in Washington. He said he had already informed Secretary on behalf of Schuman that latter would not insist on any specific French proposal for defense of Western Europe if it would delay creation of tangible defense forces by even one week.

4. Van Zeeland asked if Spofford were in London. He said he thought he might be able to be helpful if he had chance to talk with Spofford and attempt to work out in black and white some compromise suggestions. For this reason he said (reEmbtel 716, November 7 [4]) that he did not desire to take any position of partisanship for US plan or complete opposition to Pleven plan since as he visualized problem it was one of preventing national positions from becoming crystallized, of saving face, and of working out compromise in best interest NATO.

Sent Department 721, repeated information London 119, Paris 153.

McCLINTOCK

[4] Not printed.

740.5/11–850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, November 8, 1950—6 p. m.

Depto 155. Hoyer-Millar [1] and Rose [2] of Foreign Office state that Bevin has not yet reached decision on "where we go next" after De-

[1] Derick Hoyer Millar, U.K. Deputy Representative on the North Atlantic Council.

[2] Edward M. Rose, of the Western Union Secretariat of the British Foreign Office.

fense Committee meeting pending full discussion with Shinwell who returned only yesterday. Foreign Office however thinking tentatively, along following lines:

1. Earliest conclusion of Schuman Plan most desirable but British fear any pressure from them to this end might not be well received. They would welcome US action.
2. French must obviously be persuaded to negotiate, and only sound basis for negotiation would be American proposals, incorporating additional safeguards and taking account of both French and German views.
3. Ways must be found of saving French Government's face. Pleven Plan was obviously completely impracticable but could not be publicly rejected without freezing this and future French Governments in opposition. If any parts of it could be soundly adapted and incorporated firmly in NATO framework, so much the better. If not, perhaps parts could be accepted in principle as goals to be worked toward rather than as conditions precedent to prompt action.
4. British had gained impression in Washington we considered early solution German participation issue necessary in connection with our legislative program and would welcome further information as to our thinking on timing and legislative schedule.
5. They stated Bevin had made no visible impression or progress with Guy Mollet.[3]

Sent Department Depto 155, repeated info Paris 833, Frankfort 350.

[Spofford]

[3] Secretary General of the Socialist Party in France, appointed Minister of State for European Affairs in Pleven Cabinet, July 12, 1950.

740.5/11–850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

SECRET PRIORITY London, November 8, 1950—7 p. m.

Depto 156. At tenth meeting November 7 productivity experts approved report for submission WG 7 deputies November 9.[1] If WG approves ninth, hopeful meeting council deputies will consider and adopt report during meetings week November 13. Formal clearance

[1] The names of these experts assigned to the Working Group of Seven (see Depto 116, October 20, p. 399) are listed in Appendix A of the "Report by the Production Experts to the Working Group," Document WGPF–D/5 (Final). This report, not printed, dated November 7, 1950, with related documentation of early developments in establishment of the Defense Production Board, is in the S/ISA Files, Lot 52–26, WG—Def. Prod. Brd.

with DefCom can then be requested as suggested Todep 78.[2] [*PWS*] has participated fully in preparation experts report. Will also suggest that WG when approving report send copies to MPSB for information and comment.

Report as approved summarizes accomplishments MPSB despite lack clear statements quantitative and qualitative military requirements and clear commitments that funds available to finance production these requirements. This summary results in following conclusions:

1. Present level NATO military production and present status programs for increasing production fall far short of what must be done to fulfill defense plans.
2. No NATO military production body can do satisfactory job without at least tentative lists acceptable types of equipment and time phased quantitative requirements and commitments for necessary production finance.
3. Number of organizational changes in NATO military production body are desirable. If these changes made and if above conditions met, NATO's chances of achieving desired military production levels will be greatly improved.

Report then makes following recommendations on reorganization MPSB:

1. MPSB reorganised into defense production board consisting representatives all NATO nations desiring membership. Representatives will be regularly available London. Board elects own chairman. (FYI Britain may propose Thursday that deputies reserve powers decide how chairman appointed.)
2. Board's mission to achieve maximum production military equipment in most efficient manner, at least cost, in shortest time to meet NATO requirements. This would be accomplished by coordinating national programs so that together they equal NATO production goals, by planning integrated programs under which nations produce some items and components for others and accept some items and components from others, and by taking all other suitable actions.
3. Board will concentrate on major production programs involving important problems in international cooperation and will also consider utilizing capacity in non-NATO countries.

[Here follow a listing of the Report's contents including specific functions for the Board; details of staffing, procedure and liaison with other bodies; and broad statements of principle.]

Sent Department Depto 156, repeated info Paris 837 for OSR. Pass to Defense Munitions Board and ECA for Hala.

[SPOFFORD]

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[2] Not printed.

S/S–NSC Files : Lot 63 D 351 : NSC 82 Series

Memorandum by the Secretary of Defense (Marshall) for the Executive Secretary, National Security Council (Lay)

TOP SECRET WASHINGTON, 8 November 1950.

Subject: U.S. Position Regarding Strengthening the Defense of Europe and the Nature of Germany's Contribution Thereto.

The Defense Committee met in Washington on October 28, 30 and 31, 1950 and, among other business, acted on defense arrangements as requested by the North Atlantic Council at its Fifth Session. The defense matters coming to the attention of the Defense Committee were reported to you by the Department of State as information to the National Security Council, October 9, 1950.*

The question of the contribution of Germany to the defense of Western Europe was discussed by the United States on the basis of a proposal prepared in comformity with NSC 82[1] and the United States position presented at the New York Council meeting. The United States proposal was countered by a proposal from the Government of France. At the outset the French Representative made it clear that he was not authorized to discuss the United States proposal. Further discussions in the Committee were therefore centered on the French plan. This proposal, which has been published in the press, is essentially dependent on securing a further step toward the federation of the Western European countries and under that federation the creation of military units of a supra-national character by pooling the available manpower of the European powers, including Germany.

The French plan did not satisfy the Defense Ministers as having military value and appeared to be politically unacceptable to some of the countries. It was quite clear that all were opposed to the French proposal. It was apparent also that no compromise could be reached at the present session. The United States thereupon declined to finalize arrangements for an integrated European defense force and the appointment of a supreme commander until the contribution of Germany had been decided. The other Ministers received this as tantamount to the U.S. declining to send additional U.S. forces or staffs to Europe until agreement had been reached.

In an effort to reach a conclusion, to the satisfaction of all parties, it was decided that the Defense Committee would meet again on the creation of a European defense force with the inclusion of German

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* Progress Report, dated October 9, 1950, by the Department of State on NSC 82. [Footnote in the source text.]

[1] NSC 82, September 11, 1950, is the same as the joint communication of September 8 from the Secretary of State and Secretary of Defense to President Truman, p. 273.

units. In order to permit modification of the present impasse, it was agreed that the military and political aspects of the German problem would be studied by the Military Committee and the Council Deputies, respectively, and that these two Committees meet in joint session to present their recommendations to the Defense Committee.

It is requested that you circulate this memorandum to the members of the National Security Council for their information.[2]

[2] Circulated on November 8, 1950.

740.5/11–850 : Telegram

The Secretary of State to the Embassy in Belgium [1]

TOP SECRET PRIORITY WASHINGTON, November 9, 1950—7 p. m.

614. While we fully appreciate Van Zeeland's desire "to play role of go-between in current impasse between US and Fr" and recognize that, as Chairman NAT Council, he can perhaps at some stage be very helpful, we are concerned by his expressed view that "task of other NAT partners is one of reconciling differences between US and Fr positions." (Embtel 721 Nov 8, rptd Paris 153 and London 119) This view does not correspond with reality. As Van Zeeland must know, Fr proposal deemed militarily unsound by virtually all qualified mil auths the NAT countries, including Fr mil (who have told us privately they not consulted on Fr plan and believe it unsound from mil viewpoint). Furthermore, at Defense Comite mtg representatives UK, Norway, Denmark, Holland and Italy made clear their respective Govts were utterly opposed to polit proposals set forth in Fr plan. Other words Fr plan believed by virtually all NAT members to be militarily unsound, polit impossible of realization, and therefore does not address itself to most vital and urgent problem which confronts NAT members—namely, rapid bldg up an effective defense system which will be best deterrent to aggression and, in unfortunate event of attack, will prevent West Eur NAT countries being immediately overrun and occupied.

We believe immed task all NAT members is find solution this most urgent problem. Naturally, we and other NAT members will go far as possible formulate plan which can be accepted by Fr; however, there are certain essential criteria must be met any compromise solution, namely: (1) that plan is militarily sound; (2) is acceptable to

[1] Repeated to London as 2434, (pass to Spofford) Paris 2512, Luxembourg 51, Copenhagen 248, Reykjavik 83, Rome 1978, The Hague 568, Oslo 345, Lisbon 169, and Ottawa 88.

other NAT members (particularly the Eurs insofar as polit aspects concerned) and to West Gers; (3) is capable immed implementation and does not depend on series conditions which may never be realized or, at best, wld take many months work out.

Foregoing for your background info in discussing this Van Zeeland and other appropriate Belg officials. We believe they shld be made fully aware our views which we know are shared by overwhelming majority other NAT members. We also feel Van Zeeland in error consider this a US–Fr impasse over "rearmament of Ger". What we talking about is rearmament West Eur so that it can be defended and role which Ger must properly play in this defense if it to be effective. We have made abundantly clear all NAT members, including Fr, our proposal not submitted on a take-it-or-leave-it basis and we wld welcome constructive suggestions or proposals long as they met essential criteria set forth above.

Re possible mtg NAT Council Dec, our position is we do not believe decision on such mtg can be made until we know what Council wld be expected do. Certainly we cannot decide prior to NAT deputies and Mil Comite have concluded their work on problem Ger participation. Another Council mtg which ended in deadlock and simply registered continuing disagreement wld be disastrous from every viewpoint.

ACHESON

740.5/11–1050 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London[1]

TOP SECRET PRIORITY WASHINGTON, November 10, 1950—6 p. m.

Todep 89. For Spofford. Although we are giving great deal thought and study to question Ger participation in Eur defense, particularly to steps we might take which wld be helpful to Fr, we have not yet reached any conclusions. Our general feeling is that it wld be mistake when Deps meet on Nov 13 for us (or for that matter for other Deps) to inject any specific and detailed proposals. We are still not sure of lines along which Fr are now thinking and we believe that until we know more clearly what they have in mind it wld be an error to get too specific. Furthermore, we believe that the new organizational arrangements which any compromise solution wld require shld be kept as simple and uncomplicated as possible. The premature tabling of proposed detailed solutions which have not been thought through

[1] Repeated to Paris as 2528, and to HICOG, Frankfort as 3502.

might result in Fr grasping some complicated device which at best might be extremely difficult to work out and which Fr otherwise wld not have proposed. This wld complicate not only Deps discussions, but the solution to the problem itself.

Dutch Emb has queried us whether it wld be desirable for Dutch Dep to table Stikker's 7-point proposal [2] on Nov 13. (Depcirtel Nov 8, 3 a. m.[3]) In reply, we have said we thought it unwise table specific formula on Nov 13, particularly since it had apparently not been thought through in any detail and we did not yet know enough about Fr position. We also pointed out that we really did not understand either where we finally ended up under Stikker's 7-point proposal or what organizational details Dutch had in mind. Therefore believed that it wld be premature to put them before Deps on Nov 13.

We will of course keep you fully informed of lines along which we are thinking and hope very shortly to send you some definite thoughts for your comment.[4]

ACHESON

[2] Proposal submitted to Acheson by the Netherlands Ambassador to the United States, J. H. van Roijen, during a conversation on November 4. Stikker's proposal was not acted upon at the time but was later formalized in a Council Deputies document, D–D/191, "Establishment of a NATO High Commission for Germany," November 22, 1950. See Depto 221, November 25, 1950, p. 482. The memorandum of conversation by Matthews dated November 4, with the proposal attached, neither printed, is in Department of State file 740.5/11–450.

[3] Not printed.

[4] Achilles reported in Depto 167, from London, November 11, not printed, that the British agreed with the U.S. views expressed in this telegram and felt that the Deputies should avoid getting into strictly military aspects of the problem.

762A.5/11–1050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, November 10, 1950—7 p. m.

2629. Spaak has come to see me twice in the last two days. He is gravely concerned over the situation which has arisen in regard to the contribution of German armed forces to Western European defense. He had lunch today with Guy Mollet whom he considers the coming man in the French Socialist party. He says that Mollet is anxious to have a compromise effected between the French and the American proposals and believes with enough goodwill on both sides that a practicable compromise is feasible. In reporting my conversations with Spaak I shall do so as if I were quoting him directly. This is done from recollection and is obviously not entirely exact but I think presents fairly accurately his views on the subject.

"Undoubtedly the US could have its proposition accepted by all of the NAT countries including France if it decided to force such accept-

ance upon this last named country. However, in my view, it would be tragic if such were the case, for the French resentment, even though they accepted, would be such that the ultimate objective would be imperiled for a long time to come. It is therefore necessary that some basis of compromise be found between these two points of view which do not in fact seem to me to be far separated.

On the military side the conception of a European army poses certain technical questions as to size of units, etc. on which a compromise should be possible which would make sound military sense. One must remember that no professional soldier willingly accepts such a novel conception as that of a nonnational army. This is opposed to all the traditions of the military services in every country, but in view of present conditions should not be rejected for that reason.

On the political side I am not aware of what may have been decided in regard to the French proposition by the Belgian Government. I do not believe that the proposition of France in its political aspects is as completely unacceptable to European countries as some press articles have reported. It may be that much of the feeling against it is founded on details as well as on a misconception of what the plan really intends. When it is better explained and when some of the details which have caused difficulty have been resolved by compromise, the underlying principles would have a great appeal to most of the countries of Europe. My personal fear is that any plan which envisages a closer association between European countries will be found unacceptable to Great Britain which is toying with the most dangerous of all ideas, namely, a block composed of the US, the UK and Germany. In the interests of future peace it is my personal opinion that the American Government would be well advised, if it is inclining an ear to such arrangement, to carefully examine what its final consequences in the future might be. I might also say, without impertinence, that there seems to be a contradiction in the US Government's attitude if it seriously intends to reject the principles of the French proposal without careful examination. It is your government which has consistently supported the idea of a closer association between the European nations. There are contained in the French proposal certain principles which make a further step toward this objective. To say that the plan is impractical from a political standpoint provided that the impractical details are not found impossible of elimination would appear to me to constitute a denial of a principle that your government has always advocated.

In addition I can pretend to no special knowledge about political reactions in Germany, but I am not impressed by the argument that the German Government would find the political principles of the French proposition unacceptable. Their initial reaction in that regard, if there is indeed such a reaction, may well have been influenced by their feeling that perhaps they could make a more advantageous deal with the US and the UK. Both Adenauer and Schuman are well aware that the real solution of the German problem politically speaking is to tie Germany and France together by as many common ties as possible."

Sent Department 2629, repeated London Niact 633 for Douglas eyes only, Frankfort Niact 281 for McCloy eyes only. For distribution as directed by the Secretary.

BRUCE

740.5/11–1050 : Telegram

The Chargé in Belgium (McClintock) to the Secretary of State

TOP SECRET PRIORITY BRUSSELS, November 10, 1950—8 p. m.

747. I communicated substance of Deptel 614, November 9 to Van Zeeland in form of a personal letter [1] and likewise gave him a paraphrase of intel November 5, 1 a. m.[2] which I had permitted him to read November 8. I called on Van Zeeland late this evening and gave him these documents with caution. I did not expect an immediate answer as I should value his considered opinions after he had devoted time to careful study of my government's views.

We have found that Van Zeeland, although sincerely eager to be of assistance, is inclined to give quick judgment. In consequence I thought his knight errantry impulse had best be checked by reflection.

Nevertheless, and after having scarcely read letter which conveyed substance of Deptel 614, Van Zeeland launched into a characteristic lecture stressing his conviction there were many points of agreement already admitted by both French and US and insisting that basic point of disagreement was still question of German rearmament.

Van Zeeland said French admitted necessity that German economic and manpower resources should be utilized in defense of West Europe. Their main problem was not a military one but on contrary political problem of "screening" metamorphosis of Germans from present completely disarmed state to one of military readiness to defend their share of Europe. (By "screening" Van Zeeland meant French Government's desire to hide gradual German rearmament from French public opinion.) The Minister said that much progress had already been achieved by French willingness to agree that German economy should be used in NATO defense plans; that federal police should be strengthened and used on a nation-wide basis; and that "labor battalions" could be formed as basis for future military cadres which could in eighteen months time or so be transformed into actual troops.

I did not attempt to debate Van Zeeland's argument but confined my comment to pointing out that my country and a number of other

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[1] A copy of the letter, dated November 10, was transmitted to Washington in despatch 530 from Brussels, November 13; neither printed (740.5/11–1350).

[2] See footnote 3, p. 434.

NATO countries seemed to feel that French plan was militarily and politically unsound.

To this Van Zeeland rejoined that as he understood it, even on military level, question was one which was largely of semantics. He said both French and Americans agreed to concept of an NATO defense force under one supreme commander with a general staff recruited from all 12 NATO countries, and troop contingents to be supplied by all 12 allies. Point of difference, he said, was that Americans wished to add a thirteenth component labeled "German" while French were willing to admit a thirteenth component which would include some German units but would bear label "European".

I said I did not think this was all as simple as it sounded, but did assure Minister that we appreciated his goodwill and desire to serve the mutual cause, particularly as time was pressing. Van Zeeland then said with great earnestness that he would very much like to confer with Spofford. He said he had already sent instructions to Belgian Ambassador in London to suggest this to Spofford on his arrival. He added that if Spofford could find time to visit him here next week, Van Zeeland would be delighted to receive him as his house guest. He said he knew Spofford had a meeting on Monday the 13th but wondered if he might not be able to fly over Monday evening, spend the night with Van Zeeland, and return to London on Tuesday, 14th. Van Zeeland even offered to go himself to London to see Spofford if Ambassador could not come here.

Following his talk with Spofford, Van Zeeland said he would then be in a position to give Embassy a considered reply to letter left with him today. Also, depending upon his conversation with Spofford, it might be mutually agreed that Van Zeeland should usefully go to Paris to try his hand on the French. I said that decision on possibility of Spofford coming must necessarily depend on Washington but that I should be glad to recommend that Ambassador in fact do have a talk with Van Zeeland.[3] Latter has undoubted energy, quick appreciation and zeal to get things done which up to this moment seems not to be properly balanced with any carefullly weighted consideration of our views.

Sent Department 747, repeated information London 123, Paris 155.

McClintock

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[3] Spofford accepted Van Zeeland's invitation and was his houseguest on March 17 at which time they had an inconclusive discussion. The memorandum of conversation by McClintock dated November 17, not printed, is in Department of State file 740.5/11–2050.

740.5/11–1250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, November 12, 1950—2 p. m.

2658. Eyes only Acheson.

1. I saw Parodi and Alphand at 11 this morning. Alphand is leaving for London at noon. They discussed with me the instructions which the latter has been given by his government and which General Ely has also received. The government may modify them if it wishes but that is most unlikely. They are to be held highly secret and they have taken measures to prevent leaks here regarding them.

2. It is hoped that Spofford and Paris Embassy will receive with the least possible delay the US Government's reaction to this proposal. If the US and France can reconcile their present differences of viewpoint the French believe that the continental countries with the possible exception of the Scandinavian but including Germany would find this suggestion of compromise acceptable.

3. If the US Government should be adverse to these proposals then Parodi says there will be a cabinet crisis since these latest proposals represents the furthest the Government thinks it can go and obtain political and public support. Parodi characterizes the instructions as reflecting very great concessions to our objections.

4. Preferably the French Government would like to reach if possible an agreement in principle with the US Government on this subject before Alphand makes his exposé to the Council of Deputies.

5. I am sending the text of Alphand's probable presentation by separate cable.[1] There has been no time to translate it. In brief it suggests: (*a*) German and other units in European Army be limited to regimental combat teams, (*b*) immediately preparation of recruiting lists and physical accommodations but no training proceeded with in Germany, (*c*) there be no discrimination against Germany in the framework of the European Army.

6. If you wish to telephone me today I can be reached.

7. I would like to go Tuesday night to London and confer there on Wednesday with McCloy, Douglas, Spofford, Bohlen and Holmes. If agreeable please issue me travel orders.

For distribution as directed by Secretary's office. London eyes only Douglas and Spofford 646, Frankfort eyes only McCloy 287.

BRUCE

[1] Telegram 2664 from Paris, November 12, not printed. The statement, as presented by Alphand at the afternoon meeting of the Council Deputies, is summed up in Spofford's report of the meeting in his Depto 173, November 13, p. 448.

740.5/11–1350 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, November 13, 1950—11 p. m.

Depto 174. 1. Chairman opened 28th meeting Council Deputies with consideration report by WGPF (see Depto 172).[1]

2. Chairman opened discussion on political aspects contribution Germany to defense Western Europe with statement in substance as follows:

Recent meeting Washington Defense Commission requested Deputies and Military Commission consider jointly contribution Germany to defense Western Europe after each had considered political and military aspects problem respectively. Deputies should concentrate those aspects problems where political considerations predominate and avoid those aspects in which military considerations predominate. Should bear in mind fundamental objective NAT to maintain peace and security in NA area by demonstrating to any potential aggressor determination and ability our countries collectively and effectively defeat any aggression. Although progress has been made in planning integrated defense of NA area, we cannot afford unnecessary delay in translating these plans into integrated force. Council in New York approved concept of such an integrated force and concluded force should be established earliest possible date utilizing manpower and productive resources available from all sources. Agreed force should be organized under NATO and subject political and strategic guidances appropriate NAT agencies. Plan was not finalized due to intimate connection between nature, extent and timing of German participation and implementation plans for integrated force. Debatable whether progress made towards establishment integrated force in nearly two months since Council met in New York but important developments have occurred in this time throughout world—Korea, Indochina and at Praha. Encouraging progress made towards agreement on Schuman Plan and US hopes for early favorable conclusion these negotiations. Deputies and Military Commission have responsibility finding ways making progress towards effective defense Western Europe. Solution must be in accordance Council's New York resolution; integrated force must be adequate to deter aggression and assure defense Western Europe; must be militarily sound and acceptable to all parties to NAT; must be acceptable to the German people and of nature to secure their wholehearted participation; must satisfy requirement for dependable and effective safeguards against any possible recurrence German aggression; must be capable very early implementation; must not depend upon conditions which may be difficult, if not impossible to realize.

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[1] Telegram Depto 172, November 13, not printed, reported receipt of Document WGPF–D/5 (Final), the report referred to in footnote 1, p. 436. This was the report recommending a NATO Defense Production Board in place of the MPSB.

3. Following opening statement Chairman invited French Deputy to make statement. (See Depto 173.)[2]

4. Chairman opened discussion on French statement by commending spirit of presentation commenting that it offered good introduction to problem. Suggested Deputies wish to study French statement before commenting on substance at subsequent meetings. Suggested continue discussion on same general subject.

5. UK Deputy echoed Chairman's appreciation of French presentation and asked following questions:

(*a*) Does French plan still provide for French Army in addition to integrated European Army? Alphand answered yes initially but that eventually all French forces in Europe would be integrated.

(*b*) Will the assembly to which European Defense Ministers report, come into being upon signing of Schuman Plan treaty or upon ratification? Alphand answered that assembly would come into being only when Schuman Plan entered into effect but Pleven Plan could proceed immediately.

(*c*) Does plan provide for nations not signatory to Schuman Plan to join assembly? Alphand answered yes for purposes association in European Army.

(*d*) Does this plan forbid German recruiting of German forces? Alphand's answer was evasive but to effect French wished German forces to be as effective and raised as soon as would be case under US plan. UK Deputy then stated his government wished it known that delay in formation of the integrated force for defense of Western Europe was not resulting in a loss of impetus on part of UK. UK is going ahead with implementation of its plans and in field of production is going beyond 200,000,000 pounds limit originally undertaken. Chairman concurred in UK position that delay in establishing of integrated defense force should not permit lag in other fields.

6. Netherlands Deputy queried French Deputy re relationship between German agency concerned with formation German force and European Ministry of Defense. Would German agency be responsible for raising German military force or would outside authority do it? Alphand answered that this could be negotiated, that German ministerial agencies concerned with support of German forces would not necessarily be under European Defense Ministry but that close liaison would be maintained and stated that politico-military problems should be less difficult of solution than economic and financial. Netherlands Deputy stressed need for full German cooperation.

7. Canadian Deputy introduced question of procedure and suggested that joint report by Military Commission and Deputies on German question be considered at joint meeting of Council and De-

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[2] *Infra.*

fense Commission [*Committee*] since political and military aspects inseparable. This position in accord with Canadian concept of council of governments but particularly necessary in this case. Closed with statement that every effort should be made to take advantage of favorable public opinion in North America which might change in event of further delay.

8. General discussion of procedural question resulted in consensus generally favorable to Canadian suggestion although no formal action taken. Agreed with Chairman's statement there should be no ministerial meetings until Deputies have either reached agreement or found agreement impossible. Alphand hoped joint Military Commission-Deputies meetings could begin soonest.

9. Agreed there would be no formal statement to press until later date and that no Deputy would now provide press with individual government views.

10. Next meeting 15 November. Tentative agenda: (*a*) Report on HPPP; (*b*) Berlin security; (*c*) German participation.

Sent Department Depto 174, repeated info Paris 895 for Embassy and OSR, Rome 187, Ottawa 36, Frankfort unnumbered, Oslo 78, Copenhagen 93, Brussels 125, The Hague 137, Lisbon 69, Reykjavik 9. (Frankfort pass Heidelberg for Handy as London's 75 and Wiesbaden for Cannon [3] as London's 100.)

[SPOFFORD]

[3] Lt. Gen. Joseph Cannon, Commanding General of U.S. Air Forces in Europe (ComGenUSAFE), U.S. Representative to the Northern European Chiefs of Staff (NECOS) and to the North Atlantic Treaty Northern European Regional Planning Group (NERPG).

740.5/11–1350 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET LONDON, November 13, 1950—11 p. m.

Depto 173. Alphand's statement this afternoon followed closely text previously reported by Paris [1] and copies which he distributed at meeting appear substantially identical. Most significant statement he made was at conclusion of his remarks and was not included in distributed text. It was that he was prepared to discuss any proposals, US or others, on question of German contribution, to answer any questions and to do everything in his power to bring about agreed solution. It is perhaps also significant that in speaking he repeatedly

[1] See footnote 1, p. 445.

used the words "High Commissioner of Defense" where the written was "European Defense Minister".

For benefit of posts which have not previously received text, Alphand's statement followed generally lines of Pleven proposal in agreeing to German participation in Western defense only in form of small units integrated in European Army financed by common budget, subject to European Defense Ministry and some form of European assembly. He alleged significant advance from French position in September of opposition to any form of German rearmament to present agreement to German rearmament subject to these conditions. France welcomed safeguards proposed by US but considered them insufficient. He referred to expressed US interest in unification of Europe and maintained Pleven proposal significant contribution toward this end and toward Franco-German reconciliation. European Army would be less provocative to USSR than German divisions in Atlantic Army.

Taking cognizance of criticisms made at Defense Committee meeting of French proposals, he denied that it was unreal or would take long to implement. He recognized British would probably be unable to participate but hoped for their benevolence. In conclusion he summed up French position as follows:

1. Schuman plan could and should be signed shortly.
2. Immediately thereafter there would be negotiation between the European countries which accepted principles of French proposal.
3. "Smallest" units making up European Army would be combat team (one-third of a division).
4. Certain interim measures such as preparation for recruitment in Germany, construction of barracks, etc., could be undertaken immediately provided that they did not prejudice later formation of European Army nor include training of German soldiers until European Army was formed.
5. Political institutions to which European Army would be attached would not have same breadth as those envisaged by Schuman plan and delay in formation of army would accordingly be reduced to a minimum.
6. No discrimination against Germany in framework of European Army.
7. France accepts US proposals for guarantees particularly as relates percentage of effectives and prohibited and restricted industry.

He expressed hope agreement could be realized on foregoing so that unified Atlantic forces could be established and supreme commander be named immediately.

Sent Department Depto 173, repeated info Paris 894 for Embassy and OSR, Rome 286, Ottawa 35, Frankfort unnumbered for Heidelberg 74 for Handy and Wiesbaden 99 for Cannon, Oslo 77, Copen-

hagen 92, Brussels 125 for Luxembourg, The Hague 136, Lisbon 68, Reykjavik 8.

[SPOFFORD]

740.5/11–1450 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET NIACT PRIORITY WASHINGTON, November 14, 1950—7 p. m.

2507. For Douglas, Bruce, McCloy, Spofford. We are delighted you are meeting jointly in London tomorrow and eagerly await your views on steps that might be taken to remove deadlock still facing us on question of Ger participation in defense of Eur.

The time factor did not permit our unilateral comments to Fr on Alphand's presentation contained in Tel 2664 from Paris,[2] rptd Lon as 651, nor are we certain, even if time had permitted, that this wld have been a wise move. In gen these instructions were a disappointment here altho they appear to contain certain modifications in previous Fr position as put forward by Moch. As analyzed here, we see these changes to be in fields of (1) size of units has been raised to "combat team" presumably about size of a regimental combat team; (2) utilization of existing structures, i. e., Schuman Plan for High Assembly; and (3) certain preliminary steps of minor nature that cld be undertaken conditionally in Ger as an interim measure. The basic structure of Fr Plan, i. e., creation of a Eur army responsible to Eur political authority as contrasted to a mil structure solely in NATO field, remains unchanged.

Cutting through all details, such as size of units, organization of Ger ministry, etc., we appear to be faced with a difficulty of most fundamental nature in that we have sponsored a move for directly integrating Ger militarily in Atlantic area and Fr have responded with counter proposal to integrate Ger only indirectly through a European Army.

It has been our policy, as you know, to encourage further moves towards greater unity on Continent and particularly Franco-Ger *rapprochement*. In gen in the past we have turned to arrangements in Atlantic area as being desirable primarily (1) to meet urgent current situation of common security; (2) because of Eur reluctance to move towards greater unity in absence of full and active UK participation; (3) to provide a framework of leadership which wld encourage Eur nations to obtain closer association among themselves and with Ger.

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[1] Repeated to Paris 2621 and Frankfort 3599.

[2] See footnote 1, p. 445.

We have encouraged a framework of solidarity in Eur which wld help us with long range solution of many Eur problems in economic and financial fields but also particularly the Ger problem. We believe this still to be sound and desire find some means in which organization in mil field, at present a necessity on NATO-wide basis, will not prejudice (1) either further moves towards integration on Continent or (2) further developments in broader field of Atlantic community which may become necessary.

We are inclined believe that (1) above is fundamental dilemma facing Fr. They probably see in our proposal prospects of quickly pulling Ger up to position of equality in loose Atlantic arrangement (at least politically so) which wld foster creation of independent Ger taking her place beside US and UK and with Fr relegated eventually to poor fourth in this arrangement. In long run they probably still look upon full US participation as problematical and this, coupled with their basic distrust of Br motives towards Continent, lead them to believe that under these arrangements Fr aims for integration of Ger into European framework before Ger regains full sovereignty cld not be realized.

We believe it in interests of US to find, if possible, some means of giving Fr hope as regards her aims on Continent and particularly that we are not deliberately working against Fr aims. If possible we wld like find some way of achieving this without sacrifice to immediate solution of moving ahead on workable and realistic basis in security field. So far we have not been able here conceive of means accomplishing this order than those expressed in Deptel 2471 to Lon.[3] Device of declaration suggested therein is of course aimed to obviate conditions now held by Fr as prerequisites and convert them to statements of future intentions. It may be step in right direction but we are doubtful that it wld meet problem alone. In any event your views are needed to determine whether this line of approach has any merit.

We also believe we shld, in our own interests, find some method of moving forward with appointment of Supreme Commander at early date. Continued delay will undoubtedly cause loss of momentum in public interest that is necessary for full support of defense effort.

There has been confusion here as to whether Fr envisage an overall commander for "European Army" which wld impose another layer in chain of command between Supreme Commander and units of that army. While we had assumed this be case when Pleven Plan was first announced, there is now doubt that Fr have this in mind. If this were not case and units to be employed cld be raised to Division level, it may be mil structure below Supreme Commander as envisaged by

[3] Telegram 2471, November 11, not printed.

Fr wld not be greatly different than under our own plan. If instead primary difference between US and Fr proposals pertains to civilian aspects of defense it may be, if other Eur nations are willing to participate in negotiations sponored by Fr on this subject, that a solution may yet be found. However in view of position which other Eur countries have taken, this appears to be long term problem. We wld welcome any initiative to pursue its solution but must insist that in meanwhile an effective build-up of West's defenses proceed immediately. Under proper terms of reference, a Eur civilian of statute might be able contribute to production, supply and financial problems facing Eur nations.

There are many aspects of Fr Plan, in addition to question of command, that are still unclear to us. In a fol telegram we will submit series of questions to Bruce and Spofford designed clarify our understanding of Fr Plan. In meantime we wld greatly appreciate your joint views as to how to move forward in this situation.

Inasmuch as there has not been opportunity for Secy review this msg nor for clearance with Def substance shld be accepted as representing tentative thinking.

ACHESON

740.5/11–1450 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET PRIORITY NIACT WASHINGTON, November 14, 1950—11 p. m.

2523. Eyes only Spofford, Douglas, Bruce, McCloy. 1. As implied in our preceding tel no. 2507, Nov 14, we feel that there are many aspects of Fr plan that are still unclear to us and that Alphand proposals while professing to set forth clear cut plan seem to us not to have been thought through either in broad design or in essential detail.

2. Our mil confirm this impression after study of Gen Ely's proposals (given them yesterday) in mil field which they consider militarily impractical as presented and designed to support Fr political objective of political federation of Europe. For example, our mil feel that a balanced unit of divisional strength is smallest national unit which can be handled efficiently with respect to procurement, supply and mil administration. This however wld not automatically preclude a time phased program under which a Ger contribution cld be limited to RCT's during first period after which there wld be re-examination based on the experience to date, military needs etc.

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[1] Repeated to Paris, 2622, eyes only for Bruce, and to Frankfort, 3600, eyes only for McCloy.

3. Moreover, Alphand proposal wld seem to require federated procurement supply and administrative system as well as federated arrangements covering mil law, promotions, etc. We do not see how it wld be possible set up sueh federated system short of very real steps towards economic and politieal federation of Eur. This is basic problem. If the European countries agreed to such federation an early solution cld probably be found and all else in Fr plan wld follow. We think however that Fr eyes are closed to political objections of other Eur NAT members; leading them to underestimate time necessary accomplish federation and raises question of what is to be done in interim. Furthermore when Fr assert their plan does not require preliminary "total European federation" their reliance on Schuman plan assembly with the resulting elaim that implementation is a matter of 2 or 3 months are ample proof that they have not carried their study to point of fully appreeiating the requisite for a workable common production and supply set-up for European forces and the budget and other institutions and administrative devices obviously required.

4. Fr have said that pending signature of treaty creating Eur army they wld agree to certain interim measures sueh as preparation for reeruitment in Ger and building of barracks subj to double condition that these measures will not be permitted obstruct later formation of Eur army and will not include up to date ereation of Eur army the training and presumably the recruitment of Ger mil personnel. Our doubts as to speed with which complex negotiations for a treaty estab a Eur army and Defense Minister ean be pressed forward suggest to us that we shld not agree to Fr conditions as proposed. Believe we shld explore possibility of some interim solution which wld permit interim recruitment and training of Ger units which as training advances cld later be incorporated into some satisfactory larger units. In eonnection with this latter point, however, the ultimate size of a Ger unit must in final analysis depend on whether or not it will be really effective from mil view point.

5. Foregoing give some indication of broad range of questions suggested by Alphand proposals. There follow other questions which require elucidation before we ean accurately assess content and real purpose of Fr proposals. We urgently desire any light whieh you can throw on these questions. We do not believe it wld be wise at this time to address these questions directly to Fr but suggest that you may wish to keep them in mind in exploring Fr proposals, as you undoubtedly will in conversation with Fr or other Deps.

[Here follow a presentation of the more specific questions referred to in paragraph 5 and a notation to the effect that the substance of this telegram had been discussed with the Defense Department though the telegram itself had not been cleared by that Department.]

ACHESON

740.5/11–1550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 15, 1950—noon.

Depto 181. Council Deputies 29th meeting opened with consideration Berlin security.

[Here follows a summary of the Deputies' discussion of (1) problems involved in holding West Berlin and (2) difficulties in moving forward on the High Priority Production Program.]

7. Discussion of German contribution to western defense was continued inconclusively with further discussion scheduled Friday, November 17. Comment centered mainly on clarification French proposal, with some remarks by Italian deputy and others.

8. Chairman called attention to the French statement of preceding meeting, Depto 174. French deputy led off with query as to timing of steps under American integrated force plan. What would be the priority for the Allies, the ratio of Germany to total forces, the first steps, the time of formation of first German units? Chairman replied that American plan called for all necessary steps to be taken with minimum of delay but did not establish a definite sequence. First the general framework, then the other steps as rapidly as possible. French deputy then said there was little difference between the two plans as to delay in the formation of units.

9. Italian deputy expressed full appreciation French position on German participation European defense, and recalled that his government had agreed with earlier French general proposals on organization NAT defense. However, NAT was created to meet real danger which now so grave that no time to waste. Protracted defense effort necessary to develop complicated political organization proposed by French which was separable from essential question German participation, would too long delay development adequate defense force. He had no specific suggestions.

10. Portuguese deputy thought divisions were necessary military units, but would defer to military advice on use of regimental combat teams. Portuguese Government did not accept supranational aspects of French proposal.

11. UK deputy thought problem divisible into short term question of meeting Soviet threat from now to say 1960 and long term problem of preventing international military resurgence between then and say 1980. He observed that if short term problem were not solved, we might never get to 1980. I asked French deputy whether in view principle of German equality and French acceptance of US proposal that German units not exceed one-fifth of total integrated force, France would be prepared to envisage German units accounting for possibly

50 percent of European force. After some hesitation French deputy granted that under the French plan the German proportion might ultimately reach 50 percent of European army.

12. UK deputy commenting on French fear of resurgence German militarism twenty or more years hence suggested it might be safer to have the German units in an integrated NATO force in which they would represent a lesser proportion of the total strength. He pointed also to the complication which would be introduced by the French proposal to have a European army with common budget, etc., and also national armies on present basis. He inquired also as to the relationship between the European Defense Minister and the Supreme Commander. French deputy said that European army would have same relation to Supreme Commander as national armies.

13. Netherlands deputy thought apparent French proposal that European Defense Minister would have the role of coordinator of National Defense Ministers was incompatible with the principle of equality of German participation also proposed, since Germany was to have no defense minister. Netherlands deputy also asked for detailed report re conversations between Francois-Poncet and Adenauer. French deputy agreed to furnish one.

14. Besides German problem Friday November 17 meeting will take up PWS DFEC paper on financial and economic assumptions of current OSPB discussions Washington, and other business.

Sent Department Depto 181, repeated info Brussels 127 (pass Luxembourg as 28), Copenhagen 94, Frankfort unnumbered (pass Heidelberg for Handy as 77, Wiesbaden for Cannon as 102), The Hague 138, Lisbon 70, Oslo 79, Ottawa 37, Paris 914 (for Embassy and OSR), Rome 189.

[Spofford]

S/S–NSC Files : Lot 63 D 351 : NSC 82 Series

Memorandum by the Department of State Member of the National Security Council Staff (Bishop) to the Ambassador at Large (Jessup)

TOP SECRET [Washington,] November 15, 1950.

Subject: U.S. Contribution to the Defense of Western Europe

At the Senior Staff meeting [1] yesterday, November 14, Mr. Finletter [2] raised what seems to me an extremely important point. He said that he felt it might be desirable for the Senior Staff to consider and make

[1] The Ambassador at Large was the Department of State member of the National Security Council Senior Staff Group, a group composed of high-ranking representatives of the Council membership and separate from the regular Council Staff. At the meeting under reference here, Policy Planning Staff Director Nitze apparently substituted for Jessup.

[2] Secretary of the Air Force Thomas K. Finletter.

recommendations to the Council regarding the basic principles upon which determination should be made of the extent to which the United States will contribute to the defense of Western Europe. Mr. Finletter went on to point out that certain decisions are being made now in the Department of Defense regarding the contribution which the United States will make to the defense of Western Europe. At the same time, however, not only has there been no discussion of these decisions by the Senior Staff or by the Council itself, but also there has been no discussion by the Senior Staff or formulation by the NSC of the basic principles upon which to make such decisions. He added that he felt it was not necessary or appropriate for the NSC to go into the military question of the various force strengths but he did feel strongly that the contribution to be made to the defense of Western Europe by each of the various interested countries is a politico-military question. For example, in considering the extent to which the United States would contribute, we must also consider such matters as "Germany and Spain". We must also go into the problem of the economic drain on the United States and determine whether this is a matter to be taken into account or whether it is controlling or only partially so.

Mr. Nitze suggested that the eight questions which the President had answered before the New York meetings [3] pretty well answered the policy problem involved. Mr. Finletter did not agree with this and asserted that, for example, we have not faced up to the question whether the United States will make its contribution to the defense of Western Europe even though this contribution would cut into the amount of protection which the United States can give to its sea and air lanes. He repeated that he felt that we must determine the principles governing us in deciding upon the U.S. contribution. He also pointed out that budget ceilings arbitrarily imposed might actually throw out our present calculations. Mr. Finletter suggested that we might have to spell out "the really top priorities in our foreign policies."

There was considerable discussion of a document approved by the Defense Ministers in their recent meeting (DC 28 [4]). I shall endeavor to get a copy for you.

There was also some discussion of tentative war plans and troop strengths. I was a little disturbed and I am sure Admiral Wooldridge [5]

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[3] The reference here is to the joint communication of September 8 from the Secretary of State and the Secretary of Defense to President Truman, p. 273.

[4] Defense Committee Document on Medium Term Plan Force Requirements, dated October 28, 1950, not found in Department of State files. The paper was a combination of studies by the NATO regional planning groups on the forces needed from the various NATO participants to defend the North Atlantic Treaty Area.

[5] Rear Admiral E. T. Wooldridge was the member of the NSC Senior Staff representing the Joint Chiefs of Staff; he was also Deputy Director, Joint Staff, for Politico-Military Affairs.

was vastly more disturbed that they came so close to a discussion of actual war plans in the effort to give examples of the need for decision on politico-military principles. I do feel, however, that Mr. Finletter has raised an extremely important matter and I am confident that you will want to discuss it further in the Senior Staff.

MAX W. BISHOP

740.5/11–1650 : Telegram

The United States Deputy Representative to the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 16, 1950—4 p. m.

Depto 182. From Spofford.

1. From the discussions thus far in the Deputies and conference with Douglas, McCloy and Bruce at which German situation was fully discussed in the light of Department's cables thus far, fairly definite ideas emerged. Agreement was reached on general principles to be separately cabled. Following is my suggestion as to possible basis for proceeding.

2. The important attitude to be considered may be summarized as follows:

(*a*) French would like to accept something close to the American plan on condition that we can take some action toward European integration and in so doing save its political face. (This means something which would not lead Moch to resign and pull the Socialists out of government.)

(*b*) Continentals continue unsympathetic to the French proposals, but except for the mild Portuguese and Italian statements in Deputies meeting yesterday, they are reserving their positions and will presumably go along with any solution which is satisfactory.

(*c*) British position has not yet developed firmly, except it is clear they will continue strongly to resist plans for French political superstructure as condition to German rearmament.

(*d*) Situation is deteriorating in Germany as result of continued public discussion in Germany of remilitarization and failure to reach decision in NAT. The longer this hiatus continues the more difficult the German problem will become.

3. It is perfectly clear that the French proposals in their present form do not offer a basis for agreement. From what information we have here and without knowing of General Ely's presentation, their military thinking does not seem to be far from US proposal except as to unit size. However, the principal difficulty with the French position is the continuing insistence upon the political superstructure, i. e., grouping of units in European Army under Continental (French) command, European Defense Minister and Eur Assembly.

It is clear that these political conditions could not be met, even assuming concurrence by all concerned, without delay such as to prejudice or destroy the possibility of organizing the defense force. It nevertheless appears to be the fact that acceptance in some form of the reality or shadow of this political superstructure is the key to the French political situation and their present agreement to the substance of the military proposals.

4. The course which seems to offer the greatest if not the only prospect for early agreement appears to lie in splitting the immediate military arraugements away from the discussions on political superstructure. It might be possible to get the French to agree immediately to the essentials of the US military proposals if they were termed provisional in certain respects provided that during a "transitional" period there were set up strong NAT or tri-partite controls on recruitment of German manpower and procurement of German matériel and provided further that we would encourage negotiations as to the political superstructure by interested Europeans to be held during transitional period.

5. This would involve the following:

a. Immediate agreement on the military essentials of the US plan, including participation of German NAT units to RCT level, as suggested in Deptel 2507. During transitional phase there would be limited recruitment, registration and training of Germans by German Federal Agency controlled by an Allied Civilian Commissioner responsible to the HICOMs. Control of heavy matériel would be invested in National Defense Production Board. Foregoing arrangements would be adopted provisionally and would serve until superseded by arrangements developed within the framework of European political superstructure, or failing such arrangements, would be continued or modified as appropriate.

b. Agreement would be made concurrently which would permit the French to convene the European powers (including German representatives) and present to them more fully worked out proposals for the European political institutions. US would agree that if and to the extent such institutions met with the concurrence of the Europeans and were developed to a point where they could effectively take over some or all of the functions for which provisional arrangements were made, such functions would upon concurrence of the NAT be moved over into the European framework (e. g. control of all recruiting to European Defense Minister). It would be a condition that the political institutions to be so developed would operate within the framework of NAT and that their effectiveness as a regional grouping competent to assume the political and military responsibility involved would be judged by NAT when the time came.

c. If the French should not, after negotiations with their European partners, be able to develop these political institutions, the provisional

arrangements would either become final or would be modified as appropriate through NAT action. In the meantime the situation might well have been clarified through the appointment of the Supreme Commander, the working out of the command structure and staff relationships, actual experience in dealing with the Germans, and possible changes in the French political climate.

6. The foregoing arrangements should appeal to the Germans since the essential arrangements which involve extensive controls are frankly provisional and transitional. Also, it does not involve any acceptance of French leadership unless and until the framework of the French institutions has been [thought] through and defined into some acceptable form with their participation. It should meet our views since it would permit the essentials of the US plan to be adopted immediately and at the same time set up a sufficiently specific medium of German participation to be satisfactory for purposes of military planning and inducement to the Germans. Whether it will appeal to the French depends upon how anxious they are to get on with the matter. The negotiations for European political superstructure which we should honestly encourage as in line with our known views as to European integration, might be a sufficient inducement. US position would be that form of political superstructure would be for Continentals themselves to agree upon so long as no delay or prejudice to effective defense involved.

7. All here agree that if we put enough pressure on the French they might ultimately drop their political superstructure, but that if this were done now the French Government would fall. Assume it is still the Department's view that this should be regarded as a last resort.

The smaller nations should be satisfied with the provisional arrangements since they permit the immediate establishment of NAT integrated force. While they may be reluctant to enter into discussions with the French on the Continental political institutions, they should be willing to do so as long as they are not being subjected to the pressure of the present military urgency to force them into line. These negotiations could proceed without such pressure and might therefore stand a better chance of producing something. If they did not, no harm would have been done and our defense measures would have progressed in the meantime.

I believe it is important for me to make statement on US position in Deputies and to begin sounding out possibilities of agreement on tentative basis immediately. Would appreciate instructions and guidance on foregoing suggestions if possible by telephone tonight. There has been no time check foregoing with Douglas, McCloy or Bruce

but believe it is generally in line with your views and Bohlen concurs in substance.

Sent Department Depto 182, repeated Frankfort 390 eyes only for McCloy, Paris 920 eyes only for Bruce. Eyes only. Distribution as directed by Secretary's office.

[SPOFFORD]

740.5/11–1650 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 16, 1950—4 p. m.

Depto 183. Following is draft of proposed joint reply to Department for your consideration and comment.

"Bruce, McCloy, Spofford and I have reached following conclusions on question of German participation in defense of Europe in meeting here November 15 (Embtel 2845 to Department November 15, repeated Paris 910, Frankfort 388).[1]

1. The dilemma now confronting us is fundamentally political rather than military in nature.

2. Any solution must be completely within NATO framework.

3. Within this framework we could, and in our opinion, should, accept in principle and take a benevolent attitude toward the concepts of continental political institutions provided their development is not permitted to delay or weaken development of integrated North Atlantic defense.

4. In exchange for this the French should agree to:

(*a*) Immediate initial steps toward recruitment and training of German forces and that such steps should not be limited to purely planning activities, and

(*b*) Whatever size military units NATO authorities consider genuinely effective.

5. Assuming that a satisfactory solution can be reached on the basic political issue (see point 3 above) question of size of units should not present an unsurmountable obstacle.

6. Since any plan which we might be able to agree to must be acceptable to all concerned, including the Germans, we should insist that German contingents be on equal terms with those of other countries and that they are not discriminated against in any way.

7. Since time is working for us in France but increasingly against us in Germany a provisional or transitional agreement

[1] In telegram 2845, not printed, Douglas informed Washington that the Embassy in London, in collaboration with Spofford's office, would prepare a message setting forth the conclusions of his discussions with Bruce, McCloy, Spofford, Bohlen, Holmes, and Achilles on the subject of German troop participation (740.5/11–1550).

will probably be necessary. Essential agreement should be of a nature to:

(*a*) Persuade Germans to start the remilitarization process.
(*b*) Save French face and give them more time, and
(*c*) Lead toward military sound defensive arrangement.

8. Incidently, European rivalries such as German reluctance to accept French commander for European Army and general continental reluctance to accept British commander would pose additional problem which might be solved only by appointment of North American, at least initially, atlhough we do not favor this." [2]

Sent Department Depto 183, Paris 921, Frankfort 391.

[Douglas]

[2] In telegram 2790 from Paris, November 17, Bruce submitted to Washington the following suggested changes in this draft: 1) "Add following sentence end paragraph 3: 'This would involve acceptance of European Army.'" 2) "Paragraph 4(*b*), substitute for (*b*) follows: 'A review by NATO of military needs if after experience with regimental combat teams they prove ineffective.'" 3) "Paragraph 6 insert at end of sentence between 'any' and 'way' word 'military.' It would then read 'in any military way.'" 4) "Paragraph 7 (*b*), say 'save French face and give them more time to work out their political institutions.'"

Spofford, in his telegram Depto 194 of November 18, not printed, said he had no objection to Bruce's suggested changes except for his sentence "This would involve acceptance of principle of European army" which Spofford suggested should read "This would not preclude emergence of European army." Spofford said the Council Deputies might react negatively to any appearance of pressure toward entering discussions aimed at forming a European army with attendant political institutions. (740.5/11–1850) In his telegram 2855 from Paris, November 20, not printed, Bruce accepted Spofford's substitute phrase (740.5/11–2050).

Conference Files: Lot 59 D 95: CF 44

Memorandum by the Canadian North Atlantic Council Deputy (Pearson) to the North Atlantic Council Deputies [1]

SECRET London, November 17, 1950.

D–D/169

North Atlantic Reorganisation

1. At its New York Session, the North Atlantic Council asked the advice of the Defence Committee on a number of questions of organisation relating to the establishment of the Integrated Force. At the same time, the Working Group of Council Deputies arranged for groups of experts to meet in London this month to study reorganisation on the civil side, particularly in relation to production and finance.

2. During the Council's New York Meetings, the Canadian Secretary of State for External Affairs suggested that enlarged responsibilities

[1] Attached to the source text was a cover sheet which stated that the Canadian memorandum on reorganization of the North Atlantic Treaty Organization was being circulated for the information of the Council Deputies.

in immediate prospect gave new urgency to the problem of reorganisation of the structure of the NATO, particularly at the top.

3. This Memorandum sets out the Canadian approach to the problem based on two assumptions:—

(*a*) That there is a general recognition by member Governments that the increased responsibilities of the NATO now makes necessary some degree of reorganization, and that it is timely to examine the problem as a whole while certain particular aspects of it are under consideration;

(*b*) That, if possible any changes in the organization that may be necessary or advisable should be made without alteration of the Treaty, that is by appropriate revision of the "by-laws" of the NATO, so to speak, rather than by amendment to its "constitution." (This, we think can be accomplished by revising previous decisions of the Council and the Defence Committee.)

4. Under the present structure, with three separate Committees of Ministers, the problem of coordination is difficult, if not impossible, to resolve simply through the Council Deputies. The NATO hierarchy of Foreign, Defence and Finance Ministers does not correspond accurately to any precise division of responsibilities in the Governernment of member countries. Further, if the present Ministerial structure of the NATO is not modified, the increasing importance of production and supply problems may well lead logically to proposals for the establishment of a fourth body at the Ministerial level, to correspond with those on defence and finance.

5. The prospect of four separate Committees of Ministers, each composed of colleagues of equal status in their own Governments although three of the Committees are formally subordinate to the fourth, emphasizes the necessity for combining all activities of the NATO under one Supreme Council which would represent Governments. At such a Council, Governments might, according to their own domestic requirements and the nature of the agenda, be represented by one or more Ministers. (Representation by Prime Ministers should not be excluded. For example if the Council were to meet in Ottawa the Canadian Prime Minister might represent the Government of Canada.)

6. We recognize that such a solution would increase the number of persons attending Meetings of the Council. Nevertheless, the advantages to be gained by introducing into the highest body of the NATO where policy is formulated, Ministers directly responsible in their own Governments for defence, finance and supply seem to us sufficient to outweigh the disadvantages of numbers. Further, the practice of meeting in Sub-Committees might make Council Sessions less cumbrous.

7. Such a reorganisation of the Council would confirm and enhance the prestige and importance of the Council Deputies which would then emerge quite clearly as the active continuing authority of the NATO. The Deputies would no longer be merely the Deputies of the

Foreign Ministers as they are now at least in form. They would also represent their other Ministers concerned with North Atlantic matters; in fact, between Council Sessions, they would represent Governments and be in a position to speak for the NATO. It would not seem that any new directive would be required for this development. It could be taken to follow directly from the establishment of the "Council of Governments" which we have suggested.

8. On the military side, the reorganisation we have in mind would imply that the Standing Group would become directly responsible to the Council and, when the Council was not sitting, to the Deputies.

9. However, in view of the limited membership of the Standing Group, the Military Committee should be reorganised as a continuing advisory or consultative body of the Standing Group. This could be done by appointing the accredited representatives in Washington of all countries not members of the Standing Group as Deputies to their respective Chiefs of Staff. This reconstituted Military Committee would then meet with the Standing Group from time to time and its new terms of reference could provide that, on occasion, the Chiefs of Staff themselves could attend.

10. This redefinition of the functions of the Military Committee would contribute to a solution of the problem which the Council has asked the Defence Committee to examine, namely, establishing a close relationship between the accredited representatives and the Standing Group. The importance of this close relationship will of course become even more obvious when the Standing Group has been reorganised as, in effect, a Combined Chiefs of Staff.

11. By constituting the accredited representatives in Washington as a Continuing Committee, the provision of the Treaty for a "Defense Committee" under the Council could be satisfied. For this purpose the name might indeed be changed.

12. Our views on other aspects of organisation on the military side will be put forward during the forthcoming meetings of the Military and Defence Committees.

13. As regards the machinery best suited for the efficient and prompt attainment of NATO objectives in production and finance (and the same applies to the commodity field), we have reached no firm or precise conclusions. However, in these matters, as well, we would look to the Deputies of the reorganised Council to fulfil the co-ordinating role, rather than to the setting up of any new executive agency or agencies. As the Groups of Experts on Production and Finance will be meeting in London shortly, we prefer to wait for their recommendations on these aspects of the NATO.

14. Some of the questions that will require examination in this general field (as, for example, how best to draw on the experience of our

OEEC Delegations in Paris) are, we believe, chiefly of concern to the European members. Canada, of course, will be very much interested in what course is proposed.

15. In general, we feel that those studying the organisation of our production and finance machinery and the relationship of OEEC to the NATO should take into account the broader problem of the general reorganisation of the NATO. We believe that the suggestions on the larger problem which we have outlined above may be helpful to these particular studies.

16. Under the Canadian proposals, the Defence, Finance and Economic Committees and the Military Production and Supply Board would have to be fitted into the simplified structure. In this connexion, and in order to disturb the present structure as little as possible, the Permanent Working Staffs in London of the MPSB and DFEC could be retained and made responsible directly to the Deputies. In other words, the members of what are now the Permanent Working Staffs, might become the Deputies' advisers on production and finance. The present DFEC and MPSB would have become redundant.

17. We realize that proposals such as we have put forward for centralizing the organisation of the NATO will raise further questions which we have not attempted to answer. The locations and relationship of the Deputies and the Standing Group would have to be decided. These decisions would be of considerable importance. For our part, we would be inclined to have the Standing Group related directly to the Council and, therefore, on a continuing basis to the Council Deputies.

18. It would also be necessary to strengthen and probably enlarge to some extent the Secretariat of the Council and Council Deputies, on the one hand, and that of the Standing Group and Military Committee on the other.

19. There are a number of other questions of organisation which will require early decision. We believe, however, that, if the Council is reorganised as a Council of Governments, and the lines of responsibility and authority are thus firmly and clearly settled, the solutions to these other problems will be capable of easier and more satisfactory solution.

20. The general argument for drastic simplification of the NATO machinery at this time needs no further emphasis. As the scope and scale of activity increase and we pass from the planning stage to execution, the decisions to be taken at the top level will emerge as being primarily political—that is, questions which can be dealt with only by Governments and not by experts. For these reasons, we believe that the time has come to concentrate on one Council of Governments the full authority of the Organisation.

740.5/11–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, November 17, 1950—2 p. m.

2789. ReDeptel 2556.[1]

1. Interesting though its contents are, it was the opinion of all of us in London Wednesday that it would be impracticable to attempt to solve the problem under review by this treaty method.

2. There will shortly be forthcoming from our London meeting a joint statement of recommendations, and as I understood it each of us will also comment individually on the subject of a German contribution to Western European defense.

3. My comments are as follows:

a. On military side I am completely in accord that plan which is practicable as to unit strength, command structure, speed of implementation, et cetera, must be agreed upon or, failing that, imposed, provided that it safeguards in a reasonable manner the common prohibition against the recreation of a German national army and a German general staff.

b. In the political field, however (and recognizing that the military and political elements are interdependent and overlapping), I believe that in spite of the possible delays and obvious difficulties involved we should encourage and vigorously support French and other initiatives aimed at the further integration of Western Europe in order not only to achieve a community of effort as regards military preparedness, but with a view to reaching ultimate aims of even more significant importance.

c. An adequate defense against aggression constitutes an urgent priority. It should be calculated to maintain security and guarantee survival but it should also be conjoined with a political and social program designed to engage the imagination of free peoples and to offer a realistic prospect of stability and happiness in the future if and when military tensions abate.

d. The best instrument for this purpose is obviously NATO, and it would be admirable if the continental nations could be immediately and completely absorbed into this system militarily and otherwise. However, Germany presents a most difficult problem in this regard. If she were now to be admitted to full NATO membership, there are those who fear she would probably gravitate toward the Anglo-Saxon powers and attain a position that might well imperil her continental neighbors. The French feel it essential that continental understanding with Germany should precede any such wider association.

e. I suggest as a realistic policy that the US should grant its support to the broad principles of the Pleven plan provided the details

[1] In telegram 2556 to Paris, November 11 (telegram 3525 to Frankfort for McCloy, repeated to London for Spofford and Douglas), not printed, Byroade presented an initial and tentative approach to German defense participation through a draft agreement between NATO countries and Germany. Byroade pointed out that this line of approach had not been seen by Acheson, and he asked the recipients to comment on whether they thought it had any merit. (762A.5/11–1150)

can be adjusted in a fashion that promises effective results. We would favor these principles of European integration not as a final objective in themselves, but as necessary intermediate steps toward an eventually wider unity within NATO.

f. The decision which the adoption of such a course entails is a difficult one. The UK is temperamentally averse to any but a slow empirical approach to international problems. We ourselves are impatient of delays and want to translate our hopes quickly into realities. But neither ourselves nor the UK contemplate any surrender of national sovereignty to a supranational authority. The continental nations are not averse in theory at least to such a prospect. Let them therefore proceed with our help and encouragement to explore the French proposal, provided that high authority in military matters is subordinated to NATO. This is the only expedient manner in which the interests of these European states can be intermeshed for their own and our mutual defense in such a way as to weaken and perhaps sublimate the intense nationalism which has twice in a generation sucked us into its tragic vortex.

g. If we subscribe to the general principles of the Pleven plan I think we would find the French ready to yield on many of the details regarding German rearmament which they have heretofore advocated and that have seemed to us highly undesirable and unrealistic. Through negotiation our proposal and that of the French might be satisfactorily reconciled.

4. The following might be our line of action, while reiterating that the recreation of a German national army and general staff will not be permitted, but that German armed forces will be used for Western European defense.

a. That we endorse the underlying principles of the French proposal as a further step toward the integration of continental Europe.

b. That because of the delays inherent in the construction of the political edifice contemplated for this European army we insist that deliberations on this subject shall not defer immediate measures, including recruitment and possibly preliminary training of German troops on which the recent French memorandum was silent, necessary to bring German contingents rapidly into being.

c. That we do not object to the formation of a European army provided it is established on a sound military basis. That we will accept for the present the unit structure in such an army as being a regimental combat team provided, if experience proves this to be ineffective, we reserve the right to reopen the question [in] NATO.

d. That the European army shall be entirely within the chain of command of the over-all NAT military organization, on the same basis as armies of the US, UK, or other NAT members.

e. That in a European army there will be no discrimination against the Germans.

f. That the European Minister of Defense (or High Commissioner) shall not be vested with supranational powers.

g. It is evident that a multitude of questions as to details—some of them highly important—will have to be settled. This should be done by committees on which the non-participating NAT nations would be represented, probably by observers, and whose final findings would be subject to the approval or disapproval of the NAT council.

h. I do not feel at this point clear about how the question of the selection of a CINC of the European army and the choice of the Minister of Defense (or High Commissioner) might be regulated. There is a natural disposition on the part of the Germans as well as other European nations not to entrust both or even either of these posts to a Frenchman. Perhaps the selections should be made by a NAT organism.

i. The method by which without the creation of a German Minister of Defense the Germans themselves would make their contribution and service their military formations will require some ingenuity. Perhaps the three High Commissioners might operate in this sphere in conjunction with a representative of the West German Federal Government appointed by it for this purpose.

Sent Department 2789, repeated info London 680 (eyes only for Spofford and Holmes), Frankfort 303 (eyes only for McCloy). Eyes only. For distribution as directed by Secretary's office.

BRUCE

740.5/11–1650 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET PRIORITY NO DISTRIBUTION

LONDON, November 17, 1950—8 p. m.

2613. For Spofford from Perkins. FYI US, UK and Fr Reps in SG have now reached agreement (not officially approved) on draft paper on Ger participation Eur defense. This paper is being discussed with the accredited Reps for second time and may be slightly revised tomorrow (if accredited Reps have constructive comments), following which it will be referred to national mil staffs for comment. (SG will arrange for you to receive copies of this draft.)

Re Depto 184, Nov 16,[1] although date of mtg of Mil Comite with Deps will depend on how long natl mil staffs take to submit their comments, US Reps on SG estimate that Mil Comite wld be able to meet London with Deps sometime between Dec 5 to 15 provided Deps have completed their work. This wld give you two full weeks to work out answers to problems on Ger participation which Deps are considering. [Perkins.]

ACHESON

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[1] Not printed.

740.5/11-1750 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 17, 1950—9 p. m.

Depto 193. 1. Council deputies 30th meeting opened with consideration preliminary report by DFEC on financial and economic assumption used by the NAPBOS (D–D/176).[1] Some discussion re appropriateness PWS–DFEC as body for PBOS consult on economic matters. General agreement that in absence firm NATO reorganization decisions and until such time as more appropriate body comes into being relationship between PBOS and PWS–DFEC should continue. Council approved recommendation PWS–DFEC and indicated PWS–DFEC appropriate NATO agency to deal with PBOS on this subject.

2. Netherland deputy questioned accuracy summary record 28th meeting as regards proposed joint meeting FonMin's and DefMin's consider question German participation (Depto 174). Netherlands deputy felt that record precluded consideration of German question by DefMin's except in joint consultation with FonMin's. Deputies agreed this not intent and record would be reworded accordingly.

3. Chairman stated latest info indicated MilCom arriving London about 23 or 24 November and would be prepared meet jointly with deputies week 27 November–1 December. Lancaster House available for joint meeting.

4. Opening discussion on political aspects contribution Germany to defense West Europe chairman reviewed actions and developments on this question to date. Concluded that discussions had resulted in broadening areas of agreement and that remaining task increasingly one of agreeing on methods rather than principles. Must bear in mind in dealing with German problem that since German authorities not participating in discussions, solution may not be acceptable Germans and in long run unworkable. Deputies discussions to date confined to general observations and questions on French plan. Suggested as procedure deputies now attempt breakdown subject matter into different components and focus discussion on specific areas of general problem and on means proposed to solve them rather than on any one plan as a whole. Question seemed to fall into three areas: First, purely military questions; second, organizational and administrative matters other than purely military, i. e., machinery for recruiting, training and supply; third, political questions, mainly con-

[1] Council Deputies' document on matters concerning the Planning Board for Ocean Shipping, established by the North Atlantic Council in mid-1950 to develop merchant shipping availabilities and civilian requirements for shipping in wartime. It was also responsible for the planning, organization, and functioning of a global shipping control agency to operate in a wartime emergency. Document D–D/176, not printed, is in the Department of State NATO Sub-Registry.

cerning French proposals for European political institutions. Suggested deputies reserve military questions until joint meeting with MilCom and proceed analyze and discuss organizational question in second category. Discussions and agreements this field should clarify and perhaps reduce areas of difference with respect to third category. To begin discussions suggested that organization, administration arrangements cover two fields. One, recruitment of manpower; and two, equipment and supplies. Following questions among others applied to each of these fields: (*a*) what is constitution of federal agency, how appointed by Germans; (*b*) functions; (*c*) controls retained by Allies; (*d*) Allied organizations to which responsible; (*e*) relationship to SHAPE.

5. UK Deputy remarked was not clear in his mind what would exist in Germany organizationally in ten years under either plan or under French plan who controlled German arms production as well as number of men under arms. Seemed to him that under French plan Germany would lead a double life being under one set of instructions in the European Army and under a totally different set of controls and instructions within the NATO force.

6. Alphand replied German forces in European army be on same footing as forces of any other nation in that army. Occupation statutes now controlling Germany eventually be replaced by statutes of Europe. Commander of European army would have same powers over other European forces as over German forces. High Commissioner for defense would exercise same powers over all forces in European army. As his personal opinion felt that powers of High Commissioner would develop progressively with respect to recommending and coordinating measures for formation of units (RCT's); studying recruitment methods and seeking to unify them; promoting standardization in fields of equipment, administration, training and command methods; studying and recommending methods of applying common budget. At request of several deputies Alphand agreed to prepare a personal paper covering the above. Alphand stressed German interest in federal agencies as well as interest of occupying powers and suggested NATO might delegate certain authority to occupying powers and German agencies.

7. Chairman turned meeting over to vice chairman (Belgium) and departed for Brussels.

8. In succeeding discussion it was decided to put to governments specific questions on administrative problems for further consideration Monday. Drafting group met after meeting and proposed "following questions to assist deputies in their consideration of principles which should govern setting up machinery to deal with recruitment, training, equipment and administration of German units to be incorporated into

integrated force for defense of Europe, (*a*) within Germany, (*b*) among occupying powers, and (*c*) within NATO:

1. Should these matters be dealt with by a single German federal agency or by separate agencies in appropriate fields?
2. What controls should be exercised over German Federal Agency or agencies?
3. By what authorities such controls be exercised?
4. What should be mutual relationship between SHAPE, the German Federal Agency or agencies and other authorities concerned?" Would appreciate such instruction as you can give by Monday noon.

9. Deputies noted reports submitted to DefCom by MPSB (D–D/172).[2]

10. Agreed to defer report by DefCom on national military service, mobilization and training until Monday.

Sent Department Depto 193, repeated info Brussels 131 pass Luxembourg, Copenhagen 97, Frankfort 401 pass Heidelberg for Handy 78, Wiesbaden for Cannon 104, The Hague 142, Lisbon 71, Oslo 81, Ottawa 38, Paris 938 for Embassy and OSR, Rome 192.

[SPOFFORD]

[2] Not printed; a copy is in the Department of State NATO Sub-Registry.

740.5/11–1750: Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London[1]

TOP SECRET PRIORITY WASHINGTON, November 18, 1950—2 p. m.

Todep 104. For Spofford. Reference your series of questions in Depto 193 pertaining to organization and control within Ger in connection with their participation in common defense.

You will have noted our tentative suggestions on this range of problems contained in 2514[2] and 2523, Nov 14 to London and that your plan as contained in Depto 182 varies somewhat from suggestions we had put forward.

It is extremely difficult for us to develop plans here on this subject in any detail, as McCloy wld be the best judge of feasibility of such arrangements in Ger. We have, therefore, requested HICOG by telephone to provide you direct with such additional guidance as they can prior to your Monday meeting, with copy here.

Although we see the necessity of discussion on this phase of the problem in the NATO forum, we believe it wld be a mistake for NATO to approve any detailed plan on arrangements within Germany prior to discussions with the Germans. We look upon NATO's

[1] Repeated to Paris as 2745 and to HICOG, Frankfort, as 3709.
[2] Telegram 2514 to London, not printed, presented certain tentative and detailed suggestions on the idea of a Defense Council for Germany (762A.5/11–1450).

role in this field as that of providing general guiding principles while leaving flexibility for Occupying Powers to develop the actual arrangements in consultation with the Germans. NATO wld, of course, be in a position of extending final approval to the arrangements worked out by the Occupying Powers.

ACHESON

740.5/11–1650 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London [1]

TOP SECRET PRIORITY NIACT

WASHINGTON, November 18, 1950—9 p. m.

Todep 106. For Spofford eyes only. Re Depto 182 Nov 16 following represents agreed State–Defense position on German participation. This will serve as guidance to you in your presentation to Deps Monday.

Para 1 (below) represents a redraft of para 5, Depto 182 Nov 16.

Para 2 (below) represents additional guidance:

1. *a.* Seek agreement on the need for a German contribution of the minimum effective size as to be determined by the MC. Make it clear that nothing less than units of the minimum effective size will be acceptable for integration into NATO defense forces. However, during the initial development phase the German contribution could, if necessary, be in terms of smaller units, provided it is clearly understood and accepted that these units must be assembled into divisional units for effective use as soon as SHAPE determines that this is necessary.

b. During the build-up phase recruitment and registration and the training functions not carried out by the Supreme Commander would be performed by German Federal Agency controlled by the HICOMs, and, as appropriate, by the Allied Commanders-in-Chief in Germany. Control of production and supply of pertinent military matériel would be vested in the appropriate NATO agencies. Foregoing arrangements would serve until superseded by such arrangements as may be later developed.

c. Agreement would be made concurrently which would provide that the French would convene the European powers (including German representatives) and present more fully worked out proposals for the European political institutions. US would agree that if and to the extent such institutions met with the concurrence of the Europeans and were developed to a point where they could create and support effectively military forces, of a European rather than a national character, suitable for integration into NATO, this would be acceptable. The integration of any such forces into the NATO integrated force would, however, have to be contingent on the European contribution being militarily effective.

d. If the French should not, after negotiations with their European partners, and by the time that SHAPE has determined that

[1] Repeated to Paris as 2751 for information only and eyes only Bruce, and to Frankfort as 3712 for information only and eyes only McCloy.

decision with respect to the disposition of German units is required, be able to develop these political institutions it will be necessary for military reasons to proceed with the grouping of German units into German units of minimum effective size. This would, of course, be without prejudice to any future success which the French may have in implementing their proposal. In the meantime the situation undoubtedly will be clarified through the appointment of the Supreme Commander which would be made, (after NATO agreement on the provisional arrangements), the working out of the command structure and staff relationships, actual experience in dealing with the Germans, and possible changes in the French political climate.

2. FYI re para 1*a* above, we still feel that a balanced unit of divisional strength is smallest national unit which can be handled efficiently with respect to combat effectiveness, procurement, supply and military administration. This however, would not automatically preclude a time phased program under which a German contribution could be limited to RCT's or brigade groups during initial period after which divisions will be required. The idea being to allow the French the benefit of the time required to build up effective RCT's for incorporation into divisions, to try and sell their federated structure to Germany and other interested Europeans, it being understood that the end result must be effective divisions created with the minimum of delay. Definition of composition and size of RCT or Brigade group and exact size of German contribution should not be considered in the Council of Deputies, pending receipt of the Military Committee report.

ACHESON

740.5/11–2050 : Telegram

The United States High Commissioner for Germany (McCloy) to the United States Deputy Representative on the North Atlantic Council (Spofford), at London

TOP SECRET NIACT FRANKFORT, November 20, 1950—10 a. m.

312. For Spofford from McCloy. Following my comments on questions listed your Depto 193 as requested by Department in their Todep 104.

As general comment feel it highly undesirable that Deputies get into detailed discussion of internal German organization. As you point out, German authorities are not participating in discussions and there can be no assurance that any agreements at which Deputies might arrive would be acceptable to Germany. I believe discussions should be considered merely exploratory to determine parallelism of thinking as to principles and practicality of solutions, rather than with objective of reaching agreements prior to discussion with Germans. It must be borne in mind no formal proposal or plan has been presented to German Government and hence there is no official German Government position.

As pointed out in previous cables, discriminatory or restrictive note against Germany must be avoided in formulating plans and *modus operandi* of integrated forces for defense of Europe and emphasis

placed upon principles applicable to all participating countries in integrated forces. I recognize that in initial stages of formation such forces there will be some *de facto* discrimination, but such discrimination must be held to only that which can be justified as unavoidable due to complete lack of any military organization in Germany at present, and necessity to adjust existing national military organizations to new pattern.

As to specific questions referred to in paragraph 8, Depto 193, my comments are as follows:

(1) Should recruitment, training, equipment and administration of German units be dealt with by a single German federal agency or by separate agencies in appropriate fields? This will depend to large extent on type of political structure which evolves in Europe and particularly upon functions to be performed by European Minister of Defense if such post is created. Also dependent upon establishment of common pool and budget and European Defense Minister's control thereof. Specifically, I consider that recruitment can be handled by Labor or Interior Ministry which could also handle majority of administrative problems. Training would be under European army or Supreme Commander direction through issuance of training directives. Supervision of actual training could be by Allied Occupation Forces as designated by Supreme Commander. Equipment could be handled in similar manner as training, with special section set up in Economics Ministry or Central German Procurement Office. Relationships with other nations in European army or in NATO could be conducted by branch of Ministry of Foreign Affairs under State Secretary.

(2) What controls should be exercised over German federal agency or agencies? Under present Occupation Statute, occupying authorities have full reserved powers in fields of demilitarization, disarmament and security, which power has been exercised by enacting AHC legislation. Exercise of any reserve powers discretionary with occupying authorities and AHC laws subject to repeal or modification. Hence, right to exercise controls is unquestioned and should be considered merely from viewpoint of minimum and broadest control necessary. In fields of recruitment and administration, the Allies should supervise screening by Germans of officer personnel to eliminate politically undesirables, and should keep close watch of selection and training of new officer corps to assure its establishment and functioning on democratic basis. Acceptance of role of participant in European army and subordination to training control by Supreme Commander supplies sufficient control element in training. Presume any plan adopted based on balanced forces principle and integrated European production and supply system will prescribe against manufacture of heavy armament and aircraft by Germans. Control over this production limitation could be exercised by occupying powers through Military Security Board. Foreign Ministry agency dealing with international relations aspect of German contribution should have free hand, since control outside reserve powers of occupying authorities but would be subject to procedures in such international agency as may be created or exist in which Germany will be a minority.

(3) By what authority should such control be exercised? This question covered by (2) above.

(4) What should be mutual relationships between SHAPE, the German federal agencies or agency or other authorities concerned? Since SHAPE functions envisaged as purely military, it would deal with German contingent forces in direct line in same manner as other national forces except as allied military supervision might be utilized to aid in initial stages of reorganization and training. Not contemplated that SHAPE would have any direct contact with German federal agency or agencies any more than he would deal directly with departments of other national governments of participating countries. Since inconceivable that German Government would not be represented at political level in some way, either directly in NATO or via European continental defense structure, relationships of federal government with SHAPE and other agencies would be conducted through such representation. Not envisaged that SHAPE would have great need for relations with occupying authorities since occupying authority governments members NATO, and relations in those fields where allied authorities have not, in fact, relinquished powers through agreement to [German] participation in integrated defense system will be conducted as with any other national government. This should not be construed to deny administrative and technical channel between HICOM and Supreme Commander, where mutually beneficial. I believe it must be recognized that Allied High Commission will be entering last stages of attrition.

Organization and principles outlined above, I consider feasible for initial phase of whatever plan adopted. However, such organization would be transitional and certain functions which now require national organizations might be phased into such NATO or continental defense control organizations as may be developed. What has been outlined above is designed to permit getting forward with our immediate objective of strengthening European defense by closer integration and securing the earliest possible contribution of German resources.

I have not commented on principles which should govern establishment of appropriate machinery within NATO, since I feel this is outside my competence.

Sent London 312, repeated info Department 4215, Paris 381.

McCloy

740.5/11–2050 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Embassy in France

TOP SECRET London, November 20, 1950—midnight.

954. Eyes only from Spofford for Bruce and McCloy. As result of Deputies meeting today, at which time I put forward in general terms

proposal for solution of present situation, involving immediate interim measures re German contribution coupled with calling of conference by French to discuss European policy institutions, I think situation tactically is quite fluid. This results in part from proposal by Dutch Deputy that there should be created NATO High Commissioner as opposed European High Commissioner or Defense Minister of French concept. Other Deputies showed interest in this latter proposal and continued dislike for French proposal.

We will not discuss German question again in Deputies until Friday and I doubt if question will be much clarified then. All Deputies expressed interest in proposal which I outlined and requested that it be reduced to writing and circulated. This will be done tomorrow after which there will be short period of consultation with governments.

I believe it most important that at this stage there be no publicity as to lines along which discussion is developing. I shall take steps to see that nothing is given to press here at least from US sources and I think that other Deputies will probably do same. In this connection, I hope very much that Schuman's speech in Council of Europe on Friday will have been prepared with above considerations in mind.[1] While we fully recognize need for his statement at Council where question of European army, German participation, et cetera, has become major point of discussion, I would very much hope that he would not further commit French Government publicly to conditions regarding German contribution Western European defense. I propose speak to Alphand in above sense if you agree. Please let me know.

Sent Paris 954 for Bruce, repeated information Department Depto 201, Frankfort 420 for McCloy.

[SPOFFORD]

[1] For documentation on the second part of the second session of the Consultative Assembly of the Council of Europe, held November 18–25 at Strasbourg, see pp. 787 ff.

740.5/11–2150 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 21, 1950—1 a. m.

Depto 202. (Section one of two.)

1. Chairman advised Deputies that Military Commission arrival London deferred to December 5 earliest.

2. In resuming discussion German contribution with special reference German organization, Chairman stressed need to confine discussion to general principles. Not desirable or appropriate for Deputies

to discuss in detail internal German organization since German authorities not participating discussion and no assurance that any detailed arrangements agreed by Deputies would be acceptable Germany. Present discussions intended rather to define Deputies thinking as to principles and practicality of solutions in advance of detailed discussions with German representatives. Chairman stressed importance minimizing any discrimination or restriction against Germany in order obtain maximum German cooperation. Emphasis should rest on principles applicable to all participants integrated force. Any necessary initial discrimination should be held to minimum unavoidable owing present complete lack German military organization and need reorienting existing national military organizations. In US view, no need to decide as matter of principle question whether recruitment, training, equipment and administration of German units should be dealt with by single Federal German agency or several. Practical solution in light decisions of principle on other points would be preferable. US general view was that recruitment might be handled by the Ministries of Labor or Interior which might handle also majority administrative problems, while Supreme Commander might supervise training either directly or through intermediate command structure, in latter case possibly for initial phase through Allied occupation forces.

3. Canadian Deputy observed US, Canadian and UK practice of largely separating supply from defense agency offered nondiscriminatory basis for same practice Germany.

4. Danish Deputy thought plurality agencies added little security and would impair efficiency.

5. French Deputy agreed Deputies should stick to principles and that specific arrangements should evolve from initial measures to ultimate. First preparations for recruitment should be under supervision occupying powers. German Ministries Labor or Interior should then undertake recruitment under supervision European High Command. Training should at first be supervised by occupation powers. Practical considerations should govern decision as between one or more agencies provided over-all framework French proposal followed.

6. Netherlands Deputy favored single German defense agency in interest both of efficiency and ease of control. Its tasks should be limited, with other burdens entrusted to NATO High Commission. For example, German agency could recruit troops up to annual numbers fixed by High Commission and accordance regulations set by it. German agency could train troops under High Commissioner direction and would itself be responsible for pay, feeding, clothing and housing of troops. Reserved powers could be shifted gradually to

German agency as NATO confidence in Germany increased.[1] Alphand observed he had suggested European High Commissioner but this was first mention of NATO High Commissioner [2] and asked Dr. Starkenborgh to elaborate. Latter explained belief German military effort should be undertaken in NATO framework in which all twelve participants in them rather than Europe alone. As between NATO and occupation authorities, occupation was temporary but military effort was NATO responsibility.

7. Norwegian Deputy agreed question was how much power Germans should have in aggregate rather than how many agencies should have it. Understood French fears. Netherlands suggestion of NATO High Commissioner attractive, but he would need machinery such as that already existing under three occupation powers.

8. UK Deputy thought German agency question essentially military. Deputies could discuss political aspects briefly, then would have to take up with Military Commission [*Committee*] and ultimately Germans. Negotiators with Germans should not have hands tied by inflexible NATO approved scheme. In any case, except for possible separation of supply functions from defense, both NATO military authorities and Germans would probably reject multiple agency idea. In UK view and with reference medium term, say two years, separation supply represented maximum possible internal dispersion German defense powers. He suggested controls be divided into negative continuing ones such as PLI, anti-Nazi restrictions, etc., and should be left to occupation powers and MSB, and positive one such as required recruitment, training and administration which should be trusted to Supreme Commander or civilian official such as a High Commissioner.

9. In discussion of question what controls should be exercised and by whom, Norwegian and Netherlands Deputies supported UK suggestion NATO exercise positive controls, and three occupation powers maintain negative controls. Netherlands, elaborating NATO High Commission idea, thought division German powers with inter-connected NATO agency would establish cooperation which would make NATO directives and control natural and acceptable.

10. Alphand favored use three occupation power machinery for negative controls. Thought emphasis should be on close cooperation rather than control, in hope Germany would eventually be guided same principles as other Western countries.

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[1] The Netherlands proposal was subsequently circulated as D–D/191, "Establishment of a NATO High Commissioner for Germany," dated November 22, not printed (740.5/12–550).

[2] Regarding this question, see Todep 89, November 10, p. 440, and footnote 1 thereto.

(Section two of two.) 11. Canadian deputy agreeing on exercise negative controls by occupying powers, stressed need for preventing creation German general staff, and operational staff above authorized levels. NATO HICOM proposed by Netherlands deputy might have similar duties in relation all NATO countries, though direct powers only in case of Germany. NATO HICOM would be under supreme commander. Duties much like those of inspector-general US proposal. Would advance concept Atlantic unity.

12. As to relation of German agency to SHAPE, UK deputy thought question premature until responsibilities of German agencies determined. Deputies who commented thought relation SHAPE to German defense agencies should be same in principle as to other NATO countries, with qualification that relation to German defense administration should be closer for sake security.

13. Chairman asked Belgian deputy with help other delegations to prepare paper reflecting discussion for consideration deputies and to serve as partial basis deputies' discussions with Military Commission [*Committee*].

14. Chairman advised deputies that Military Commission paper on German contribution would be received tomorrow. Deputies agreed paper should be discussed at early meeting as provisional working paper to get start on coordination military and political aspects of problem.

15. Chairman then advanced US proposal that in view of urgency of moving from planning to effectuation stage, NATO should adopt concept of transitional stage in which military effort should proceed at once while far reaching questions of political organization should be given more leisurely consideration they require. Military plans were currently in abeyance and public attention was as result focusing on whole NATO organization. Also extended German discussion of participation issue was causing chances of successful arrangement with Germany to deteriorate. In transitional stage provisional arrangements primarily under occupying power control would apply to German recruitment, training et cetera. Concurrently European negotiations on wider political arrangements would be undertaken. Responsibility would be transferred as appropriate to such political institutions as were agreed upon when they were in position to take over on militarily effective basis. Latter criterion essential and military authorities could be expected insist on forces of effective size. During transition period, supreme commander would be appointed, experience would be acquired in dealing with the Germans, first steps would be progressively taken toward bringing Germany into Western community, and progress would be made toward formation in-

tegrated force. This would lay basis experience on which basic political agreements might more easily be reached. Deputies asked for time to refer to governments and for outline which chairman agreed to provide.[3]

16. Meeting adjourned to Thursday November 23.

Sent priority Department Depto 202, priority info Paris 955 for Embassy and OSR, Frankfort 421 pass Heidelberg for Handy as 81 and Wiesbaden for Cannon as 106; repeated info Brussels 134 pass Luxembourg as 30, Copenhagen 98, The Hague 144, Lisbon 72, Oslo 82, Ottawa 40, Rome 194.

[Spofford]

[3] For the full text of the United States proposal, see Depto 211, *infra*.

740.5/11–2250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET London, November 22, 1950—1 p. m.

Depto 211. From Spofford. Depto 202 paragraph 15. Following is text paper we have circulated this morning:

1. Urgency of organizing and developing collective defense of Europe is increasing rather than diminishing. While it has been agreed that western Europe must be defended as far to east as possible and that Germany must participate in that defense, defining method of German participation has retarded development of our collective effort.

2. Situation is further affected by reaction in Germany. As time passes without definite terms for German participation being put forward, political climate in Germany becomes more unstable and makes problem more difficult of solution.

3. Proposals far-reaching in both their military and political implications have been advanced by French Government as one means of dealing with German problem. Implications of these proposals are such that they deserve and require mature consideration. All problems involved clearly cannot be solved in any short time. Consideration of them on their merits and free from pressure of military urgency appears necessary if fully adequate solutions are to be reached. Furthermore, it could not realistically be expected that these institutions, even if agreement upon them were quickly reached, could attain adequate development in time to serve as basis for immediate and effective military effort.

4. While work proceeds toward solution of political problem, certain measures, upon which there already exists large measure of agreement, can and should be undertaken immediately. Logic of situation therefore appears to compel separation of two aspects of problem and use of transitional period. Purpose of such transitional period would be:

(1) To permit essentials of military organization to proceed immediately;
(2) To proceed with recruitment of German manpower and production of matériel under strong provisional controls pending development of more permanent system; and
(3) To enable broader political problems to be dealt with concurrently but freed from pressure of military urgency.

5. These provisional arrangements would be progressively superseded as and to extent that permanent mechanisms, either military or political were developed which would be effective to discharge various responsibilities.

6. These provisional arrangements might include following:

a. Registration, recruitment, and training functions with respect to German manpower (such as are not performed by Supreme Commander) would be provisionally performed by German federal agencies controlled by High Commissioners and as appropriate by Allied Commanders-in-Chief in Germany. Control of production and supply of important matériel would be exercised by Allied High Commissioners and Military Security Board, working in conjunction with appropriate NATO agencies.

b. Arrangements with respect to German contribution to integrated force, particularly to minimum effective size of units to be contributed, are matters for determination by military commanders. US view would be that nothing less than units of minimum full effective size, as determined by military commanders would be acceptable for integration into NATO defense forces.

7. Concurrently European powers (including German representatives) would be convened to formulate proposals for institutions adequate to meet objectives of French proposals. To extent such institutions were agreed upon by European powers and were developed to point where they could create and support effectively military forces of Europe rather than national character, suitable for integration into NATO, arrangements for creation of such forces would be implemented. Integration of any such forces into NATO integrated force would necessarily be contingent on European contribution being militarily effective.

8. Definitive solutions of various segments of problem posed by German participation should be facilitated by actual experience in working under provisional agreements for period after Supreme Com-

mander has been appointed and in dealing with practical problems involved in developing integrated force for defense of Europe, including German contingents.[1]

Sent Depto 211, repeated information Paris 972, Frankfort 429.

[SPOFFORD]

[1] The United States paper was circulated as D–D/190, "Provisional Arrangements for German Participation in Defense of Western Europe," dated November 22.

740.5/11–2550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 25, 1950—2 a. m.

Depto 220. 33rd Meeting Deputies November 24.

1. WG interim report on meeting military production. Chairman indicated US approval report and its recommendations, and US understanding that while DPB would recommend as to eligibility major projects and programs for external aid, this would be on basis technical production criteria such as cost, relative efficiency, and need for external supplies, pro equipment and material, but DPB would not express judgment as to amount and final terms external aid. US favored serious consideration international budget covering salaries and other expenses international staff. Noted possibility that DPB would adopt voting procedure matters internal administration and some types substantive recommendations. Substance of report approved without change subject to minor points of interpretation incorporated in report of today's meeting.

2. On question whether DPB should be responsible to Deputies or DefCom, US proposed formula in Todep 108, November 21 [1] that DPB be responsible to DefCom pending top level reorganization but accept guidance from Deputies when DefCom not in session. Canada, Denmark, and Netherlands Deputies believed DPB should be made responsible only to Deputies from start. French Deputy agreed but will accept US proposal as provisional measure. Italy and Luxembourg agreed US proposal. Norway believed solution should be deferred pending general reorganization but would personally accept US proposal provisionally. Portuguese preferred DPB be responsible to both DefCom and DFEC depending on substance but prepared follow majority. UK preferred DPB be responsible immediately to

[1] Not printed; in it Spofford was advised that the United States approved the experts' report for the reorganization of the MPSB and favored NATO action to carry out the experts' recommendations (740.5/11–2050).

Deputies but would agree to US proposal provisionally if broadened to provide DPB must keep Deputies currently informed of its activities. US proposals amended by UK accepted.

3. On question when DPB should be established, US, Norwegian and Portuguese Deputies lacked authority agree establishment until report approved by DefCom. All others urged immediate establishment. All agreed with Belgian suggestion each Deputy seek his government's authorization nominate board members and be prepared establish board immediately after DefCom agreement. French Deputy recalled council rather than DefCom must approve reorganization and UK pointed out present situation demonstrated inadequacy of present machinery since each deputy should be able speak for his government including Defense and all other ministries. Canada and Netherlands Deputies emphasized importance MPSB members receiving same instructions as respective Deputies and that MPSB could note action taken by Deputies but nothing more.

4. Chairman summarized situation: (1) WG would immediately draft terms of reference for DPB, (2) each government would be asked to consider appointees urgently, and (3) Norwegian, Portuguese and Austrian [*American?*] Deputies would seek further instructions as to whether board could not be set up promptly on provisional basis subject to confirmation by DefCom. Please instruct.[2]

Sent Dept Depto 220, repeated info Paris for Embassy and OSR priority 1001, Frankfort priority 449, Heidelberg for Handy 84, Weisbaden for Cannon 108, Brussels 139, Luxembourg 32, Copenhagen 102, The Hague 150, Lisbon 74, Oslo 87, Ottawa 42, Rome 202.

[Spofford]

[2] On November 29 Spofford was instructed that final action on establishing the DPB should await consideration by the Defense Committee which could note the action proposed by the Deputies and make such recommendations as they might wish concerning the procedure for establishing the Board. Todep 124 to London, not printed (740.5/11–2550).

740.5/11–2550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY London, November 25, 1950—2 a. m.

Depto 221. Further on 33rd meeting Deputies November 24.

1. In opening today's discussion on German contribution chair suggested meeting take up Netherland's suggestion for NATO HICOM and US proposal for transitional phase, Depto 202, November 21.

Agreed French Deputy request his two papers be included. French Deputy said his government's proposals definitely contemplated NATO framework but were based on concept that it should contain

three groups: American, Commonwealth, and European. European integration must be more intimate than Atlantic, European philosophy existed and had appeal to Germans, and NATO philosophy did not. German equality in NATO would entail German NAT membership, to which French Parliament now unprepared agree. Alphand said progress sought on three fronts: (1) On formation European army, (2) in European parallel to progress in Germany, and (3) in replacing negative controls in Germany with positive ones. As concessions French had accepted need interim measures, European HICOM instead Defense Minister, and reg. combat teams as military unit, and advocated non-discrimination against Germany. He welcomed US agreement to European conference on means attaining objectives French proposals, but noted we failed link Germany and European steps, that no precise basis European conference to attain objectives European integration, and left final decision on military units to Supreme Command while French held to reg. combat teams as standard unit of national contingents. Alphand said new US-French effort get together needed and he would do his best. Mass of German people were reluctant rearm and needed confidence which would come if Atlantic force were established soon. He could not accept Netherlands suggestion re NATO HICOM as alternative to French proposal.

2. Netherlands Deputy observed that his NATO HICOM proposal not intended as alternative to French proposal, but reiterated Netherlands fear that such European powers as would cooperate in French proposal would be too small combination to contain German forces and still prevent resurgence German militarism.

3. Turning to US proposal (Depto 202) Netherlands Deputy asked re paragraph 7 what were French "objectives" which we supported. Were they merely prevention German resurgence or were they creation of new institutions such as European army, Defense Ministry, common budget, etc.? UK Deputy also had two questions re paragraph 7. Were discussions at proposed Paris conference to be limited to French proposals for European institutions or could other and wider alternatives be discussed? Did language imply requirement of prior agreement in principle to something approaching European federation?

4. In reply US Deputy said purpose was to separate militarily urgent matters from long-range political ones. Military measures could not be made condition of political agreement but we did not wish to deny Europeans opportunity for closer integration. We supported French general long-range objectives, provided Europeans could agree on means of realizing them which would strengthen North Atlantic community and integrated defense of North Atlantic area without delaying its realization. By "objectives" we meant Franco-

German *rapprochement* and closer European association in such manner as might be agreed, including new institutions in NATO framework if they were militarily sound and politically beneficial. Our proposal was not intended limit agenda to French proposals and we would welcome consideration of any other proposals aimed toward same objectives. US itself was concerned only with NATO as distinct from European aspects of problem. Also we did not intend imply prior agreement in principle should be necessary and did not believe countries concerned could give it.

5. UK asked if US were uninterested in outcome of conference and wished leave it to Europeans. US replied only proposals re Europe now before us.

6. Alphand observed that if such a conference were held its terms of reference would have to be carefully drawn. He agreed no advance agreement in principle should be expected but felt there must be agreement on terms of reference. US commented results must be in NATO framework and serve to strengthen it. Decisions on whether and when they were incorporated in NATO would be up to NATO. Alphand stated that if non-European NAT parties wished to attend conference they would be welcome as observers or in more active role (not necessarily as full participants). Starkenborgh asked whether "the European powers" in US paragraph 7 meant that all must attend. Alphand stated French contemplated attendance any European NAT member who was prepared accept agreed terms of reference.

7. On Netherlands proposal for NATO HICOM, chair observed that it was long-term, would entail new relationship with Germans, whereas present HICOMs Germany had reserved occupation powers and could act as NATO agent in interim period. Netherlands schemes also raised question German relation with NAT. Further US observations brought out that Netherlands suggestion for NATO HICOM to report to Committee of Ministers meant council or other NATO body. Use of Allied Forces in Germany in certain ways not possible in other countries was in Starkenborgh's view reasonable, since need for stationing large western forces in Germany made situation there different. He thought question of German relation to NAT was present in any case, and that Germans would deal more readily with NATO HICOM than occupation power HICOMs.

8. UK Deputy expressed concern that dual approach to Germans under US proposal (by HICOMs on basis US plan and in Paris on basis European army) concurrently might cause German temporize on first until terms of second visible. Risk generally recognized but Alphand thought Germans would do the same thing in any case.

9. UK asked whether US would be prepared to establish integrated force and name Supreme Commander when agreement reached in

NATO or whether we would make such action conditional on agreement by Germans. US replied we must have agreement on effective plan with no important outstanding questions which might wreck it. He therefore thought personally some indication Germans accepted plan would be necessary.

10. Netherlands Deputy stressed importance having successive stages of any phased program complete in themselves in order not prejudice transitional phase by linking immediate measures to agreement on unpredictable long-term ones.

11. Adjourned to November 27.

Sent Department priority Depto 221; repeated info Paris priority 1002 for Embassy and OSR, Frankfort priority 450, Brussels 140, Copenhagen 103, The Hague 151, Lisbon 75, Oslo 88, Ottawa 43, Rome 203, Luxembourg 33, Heidelberg for Handy 85, Wiesbaden for Cannon 109.

[SPOFFORD]

740.5/11–2550 : Telegram

The Ambassador in France (Bruce), at Strasbourg, to the Secretary of State

CONFIDENTIAL STRASBOURG, November 25, 1950—midnight.

97. Speech before Council of Europe Assembly by French Foreign Minister Schuman Friday 24th and Assembly's subsequent debate and vote on European army was "historic" both for formulation European policy and for development of Council of Europe as institution. This judgment expressed yesterday and today in public and in private by President Spaak, by Secretary General Paris [1] of Council and by numerous delegates to Assembly has our full concurrence.

There can be no doubt as to sense of responsibility of Assembly delegates in their speeches and votes on this issue. They fully recognized that they were not merely launching idea whose practical application was at best problematical as when in August they followed Churchill's original initiative to propose a European army [2] but that

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[1] Jacques Camille Paris, Secretary-General of the Council of Europe.

[2] For text of speech by Winston Churchill to the Consultative Assembly of the Council of Europe, August 11, 1950, see Royal Institute of International Affairs, *Documents on International Affairs, 1949–50*, pp. 326–331. On the same date, the Assembly adopted the following resolution: "The Assembly, in order to express its devotion to the maintenance of peace and its resolve to sustain the action of the Security Council of the United Nations in defense of peaceful peoples against aggression, calls for the immediate creation of a unified European Army, under the authority of a European Minister of Defense, subject to proper European democratic control and acting in full co-operation with the United States and Canada." This resolution followed the wording proposed by Churchill in his speech, except for addition of the phrase "under the authority of a European Minister of Defense." (*Ibid.*, p. 331)

they were taking a stand on a vital policy question for security of Europe and free world that was being simultaneously considered at high governmental and intergovernmental levels. Within assembly both speech of Foreign Minister Schuman and those of most important French, British Conservative and other delegates who followed him were, of course, directed particularly at winning over Germans and most of all German Social Democrats. (From beginning it was clear that whether or not France is isolated at governmental level, Schuman's presentation French thesis had endorsement majority of Consultative Assembly which is representative of non-Communists in national Parliament.) Germans promised to give trouble not because they preferred recreate German national army as part Atlantic force but because they might refuse vote proposed resolution [3] on grounds it was not "European" enough. First speech by a German (Von Rechenberg) [4] in fact caused considerable worry because he appeared inclined abstain in absence closer approach European federal government as prerequisite German contribution European defense. Efforts of non-Germans to convince Germans that they were making sincere and generous offer that would, if accepted, help toward eventual political unification of Europe and toward German equality gradually had its effect. German Christian Democrat spokesman Von Brentano [5] attributed his party's affirmative vote in large part to words of Schuman and German Rightist Von Rechenberg attributed his to sincerity toward Germans shown by Reynaud,[6] Macmillan [7] and others. In his speech closing 1950 session Spaak went so far to say that this debate

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[3] The resolution referred to here, which was debated and adopted by a large majority vote on November 24, opened with the words of the resolution adopted by the Consultative Assembly in its preceding meeting on August 11, quoted in the preceding footnote. The last sentence of the earlier resolution was continued as follows: "having taken note of the statement made to it by the French Minister for Foreign Affairs on the subject of the creation of a European Army. 1. Welcomes the decision of the North Atlantic Treaty Powers to form a joint Atlantic Force for the defence of Western Europe, with the full participation of the United States and Canada; 2. Considers that the defence of a territory, which includes Western Germany, naturally requires German participation, but that this is only conceivable within the framework of a permanent European defence organization; 3. Emphasises the importance of the principle enunciated in the statement of the Minister for Foreign Affairs, that no discrimination must be made between the participating powers; 4. Reaffirms the necessity for the creation of a European Army, in accordance with the Assembly's Recommendation of 11th August; and 5. Urges the Governments concerned to overcome the differences which exist between them on the problems of military and political structure, so that without delay the European Army may make its contribution to the Atlantic Force." (Despatch 200 from Strasbourg, November 29, not printed; 740.00/11–2950)

[4] Hans-Albrecht Freiherr von Rechenberg.

[5] Heinrich von Brentano, spokesman for the non-Socialist German Delegates.

[6] Paul Reynaud, French Delegate to the Council of Europe.

[7] Harold Macmillan, British Conservative leader.

might be regarded as "real start of genuine Franco-German reconciliation".

Failure to break down opposition German Socialists leaves unsettled question whether SPD opposed to rearmament under all circumstances or whether they will swing around if their conditions met. Non-Socialist delegates of other countries, at least of France, tend to former belief. On other hand, following interdelegation meeting of Socialists prior to debate both French Socialists and British Labourites (including Denis Healey, not an MP but member of party policy making group) privately expressed conviction that German Socialists would in last resort join European defense forces.

Beyond Assembly, many speeches (and naturally also those of Germans) were aimed at persuasion US and secondarily British Government that Europe really preferred Pleven plan to that of US on method of achieving German contribution to European defense as part Atlantic system led by US. French Socialist Mollet was most explicit but not alone in arguing that opposition to resolution submitted by General Affairs Committee (Contels 94, November 24, and 96 November 25, repeated Paris 69 and 71, London and Frankfort unnumbered) [8] risked increasing chances of only alternative solution concerning German rearmament, i.e., US plan. At same time important to recognize that both text of recommendation and speeches of delegates (with single exception Belgian Socialist Rolin [9]) avoided entering into advocacy of specific terms presented in regular Pleven plan, either as to size of units or formula for political control. Furthermore, there was full repeated and explicit appreciation of revolutionary US decision to send US troops to Europe in peace time as part of Atlantic defense force.

Delegates did not raise question of whether their governments should proceed with integrated continental force should UK refuse join proposed European army.

Stature of Council of Europe and particularly its Assembly inevitably raised not only by tone of yesterday's debate but also by presence Schuman. Spaak quite justified in pointing with pride to fact that it is now to Strasbourg Assembly that Foreign Ministers are coming to defend their European policies. He even characterized Assembly as "already most important platform from which to speak in Europe". Also to be noted that once more at Strasbourg when major European issue at stake there were numerous splits within national delegations, some among delegates same national party and no across the board line-up separating Socialists from others. Line-up was on

[8] Neither printed.

[9] Henri Rolin, President of the Belgian Senate, delegate to numerous international conferences.

European issue as such. Finally remarkable given 20th century parliamentary habits, that votes of members were actually changed by arguments presented in debate.[10]

Sent Department 97, repeated Paris 72, London, Frankfort unnumbered. Department pass Defense. Pouched Oslo, Copenhagen, Stockholm, Reykjavik, Dublin, Luxembourg, Rome, Brussels, The Hague, Athens, Ankara.

BRUCE

[10] For further documentation on the meetings of the Council of Europe, see pp. 767 ff.

740.5/11–2750 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, November 27, 1950—11 p. m.

Depto 228. 34th meeting deputies November 27.

1. Resumed discussion of German participation by considering political aspects MC 30.[1] After noting that MC 30 was not an approved document and still subject to change, deputies endorsed paragraph 1–8 with French reservation, his agreement paragraph 5 only to extent steps taken did not adversely affect morale of other participants.

2. Paper [2] circulated by chairman on points of MC 30 left open by Standing Group for political consideration then taken up:

(*a*) German contribution NATO defense force could be either by incorporation German units European defense force or by direct contribution German units integrated NATO force. Chairman suggested deferring this question pending consideration other points.

(*b*) RCT could be accepted if judged desirable for political reasons. Consensus was that final views this question must await discussion with military committee although during transitory period adoption RCT appeared politically desirable.

(*c*) German land force must be given air support by German air units. UK deputy considered military advantage this position outweighed [political?] disadvantages. French deputy had no instructions but wished enter special reservation. There might be European tactical air force. UK deputy pointed out this question raised equality problem in acute form. Would French troops rather be supported by European or French Air Force? Danish felt RCT too small to have own tactical

[1] "Report by the Standing Group to the Military Committee on Military Aspects of German Participation in the Defense of Western Europe," November 18, 1950, not printed. A copy is in the Department of State NATO Sub-Registry. The main points of this paper are summarized in the memorandum to the Secretary of Defense, December 5, p. 517.

[2] Not identified in Department of State files.

air. French observed division also too small for own air support. Although most deputies without instructions this matter consensus favored German air from military point of view.

(*d*) German production should contribute to support of German military contribution and to such other phases of common defense as within her capabilities. Generally agreed this principle already accepted by deputies. Point made that occupation powers now studying over-all problem German production and chairman agreed to advise deputies of present status that study.

(*e*) German contribution military units should take place earliest possible date. No dissent.

(*f*) Detailed plans raising and preliminary training German force should be made by occupation military authorities in concert Supreme Commander and appropriate German authorities. High Commissioners and their military commanders should be charged with responsibility of supervising German participation to extent necessary to assure that agreed safeguards applied. Comment deferred.

(*g*) Question enlistment by conscription or volunteers must be considered in light balance between maintaining safeguards and insuring military efficiency. Chairman pointed out relationship this question to Defense Committee report on national service, training, and mobilization procedures. Belgium doubted voluntary enlistment would produce enough men of right type and cited unfortunate morale effect if other European countries on conscript basis while Germany not. Denmark deputy stated dangers we want assurance against same in either case and real safeguard lay in restriction materials. Consensus that question must be referred to Germany and not of primary political importance NATO wise.

(*h*) Military committee sees no major objection to responsibility for administration and logistic functions being assumed by inter-allied agency in lieu of German agency if politically more acceptable. Little comment in view previous discussion same subject. Consensus was nobody wanted inter-allied agency for this purpose.

(*i*) If German units incorporated in European defense force, question political control and direction, utilization in peace time, financial contributions to cost arise. This point also deferred.

3. Summarizing discussions MC 30 chairman stated he would present paper reflecting tenor discussions German question to date. Considered lack expression opinion on MC 30 not necessarily agreement but indication little specific disagreement. Paper would reflect this attitude. French deputy insisted on link between (1) steps toward German rearmament, (2) steps toward European army, and (3) relaxation controls and asked that paper to be presented by chairman reflect that there was not agreement between French and US position this matter. Chairman stated although no attempt so far to arrive at majority and minority views, his paper would attempt reflect consensus views expressed discussions so far.

4. Most deputies reluctant take further positions pending UK statement which expected tomorrow following Cabinet consideration today.

Sent Department Depto 228, information priority Paris 1016 for Embassy and OSR, repeated information Brussels 142, Frankfort 465, Copenhagen 105, The Hague 154, Lisbon 77, Oslo 90, Ottawa 45, Rome 207. HICOG Frankfort pass Heidelberg for Handy as London's 87, and Wiesbaden for Cannon as London's 112; Brussels pass Luxembourg as London's 35.

[SPOFFORD]

740.5/11–2850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT LONDON, November 28, 1950—midnight.

Depto 238. (Section one of two.) 35th meeting deputies November 28.

1. German contribution. Chair requested comments on the several papers recently under discussion.

2. Canadian deputy supported US proposal provisional military arrangements, D–D/190 (Depto 202 November 21)[1] basing support on urgency immediate progress formation NATO integrated force with safeguarded German participation. US proposal offered best chance progress this direction and left latitude for European countries try work out long-range program pursuant French proposal which acceptable course if accomplished within reasonable time after which if no agreement participants should consider alternatives. Believed that in transitional period occupying powers would learn more of German attitudes and become better able judge feasibility of alternative military arrangements. European countries had primary political concern and his government chiefly concerned quick build-up adequate NATO defense. However, emphasized crucial importance in American opinion which in event undue delay defense preparations might begin to question whole possibility building effective west European defense. Though appreciative French reasons for different view and believing interested European countries should have opportunity work out methods attaining French objective, Canada agreed with US that it was imperative to begin now with steps toward German military participation. Hoped views European countries would be sufficiently flexible permit their considering long-range alternatives to

[1] For the text of D–D/190, transmitted in Depto 202, see p. 475.

French proposals should Paris conference fail practical results. He believed there had been too much talk on two conceptions as conflicting. Which ever conception was adopted, military effectiveness should be guiding criterion. Creation integrated force would advance concept Atlantic union as would Canadian proposal council represent governments as whole.[2] He envisaged Atlantic community developing into close association on economy and foreign policy.

3. UK deputy also supporting US proposal stated formal UK position which he said would necessarily be revealed generally in foreign policy debate Commons November 29 prior which he requested strictest confidence. UK position like Canada's dominated by necessity strengthening west European defenses earliest. This possible only with effective German military contribution. Attached prime importance creation integrated force and appointment supreme commander (expressed hope US would now let these steps be taken forthwith and observed that when this done obstacles in Germany and Europe might tend disappear).

UK had been and still would be willing accept first US plan which appeared offer best basis approach German problem as whole. UK frankly not attracted by and disliked French proposal. Had refrained suggesting alternatives to avoid complicating discussions and causing delay in naming supreme command, creating integrated force, and obtaining early effective German military participation. Liked separation provisional military arrangements from long-range French proposals which need more leisurely consideration. UK agreed immediate approach Germans along lines SG recommended. Accepted brigade group concept for political rather than military reasons. UK was not prepared take part in any European force which might be created. UK accepted and believed in its NATO obligations but Cabinet had decided UK would not go beyond them. UK would not obstruct progress of French and others toward French objectives provided: (1) resulting force was part of and would strengthen NATO and (2) no delay resulted in steps bringing about effective German military participation. Would be agreeable to link European force to NATO if militarily effective and developed soon but effect on NATO military set up imperative soonest.

4. Netherlands deputy summarized Netherlands position as expressed in New York, Washington and here. German military (Section two of two.) participation indispensable for effective NATO defense and it must be carried out under agreed principles and safeguards irrespective of outcome of Paris conference. Netherlands would prefer German military development wholly within NATO and all

[2] See D–D/169, November 17, p. 461.

NATO powers equally and equally directly concerned. Netherlands would have considered participating in European army with UK but not otherwise and would not oppose formation army out other European countries if within NATO framework.

5. Norwegian Deputy, supporting US proposal stressed urgency immediate creation NATO integrated force. With word of grace for French efforts at cooperation, he recalled Alphand's remarking on French concessions and said this natural as French had furthest to go from extreme and isolated position to reach compromise. Norway favored German entrance directly into NATO integrated force rather than through European army. Agreed Netherlands' view that European army would be too small combination to contain Germans and with minority of European NATO parties participating risks would be enhanced. Acknowledged French objectives appealing as long-term goal, provided there was no delay in establishing effective NATO force.

6. Portuguese Deputy agreed with US proposals provided Portugal not obliged attend Paris conference. Urged Germans be taken directly into NATO integrated force rather than through European army as problem safeguards of NATO-wide concern. Stressed moral unity NAT countries. Germans should be progessively assimilated in NAT. Atlantic Germany would be less dangerous than European Germany. Accepted concept NATO HICOM or utilization occupation powers HICOMS.

7. Danish Deputy said European army would compromise speedy German contribution and delay creation adequate defense at East boundaries West Germany. Germans should be taken directly into NATO force with NATO supervision and safeguards. Unable say whether Denmark would attend Paris conference; would certainly hesitate if advance acceptance in principle of French proposals necessary. Execution of provisional military arrangements should be independent of progress Paris negotiations.

8. Belgian Deputy uninstructed but thought opposing concepts approaching compromise. Luxembourg conscious of urgency and agreed US proposal. Italy agreed with Canada and supported US proposal for transitional arrangements. Iceland deferred to countries more directly concerned but believed primary criterion was most effective common defense.

9. Chair stressed broad area agreement and said US would shortly submit draft paper reflecting various views on basis discussions military committee. Thought NATO and European groupings not necessarily conflicting and latter might be so devised as to strengthen NATO.

10. Bryn [3] referred to fact only those wishing to attend would be at Paris conference and asked whether some NATO body should not be represented there to make sure results did not weaken NATO. Chair observed all participants would be NAT parties and NATO must pass on whether, when and to what extent institutions devised at Paris should be given responsibilities. UK felt this up to French. He accepted their assurance conference designed to strengthen rather than weaken NATO. Alphand reserved French position on NATO representation as such.

11. Discussion will continue Friday, December 1.

Sent niact Department Depto 238, repeated info priority Paris for Embassy and OSR 1030, priority Frankfort 476, Brussels 143, Copenhagen 106, Hague 155, Lisbon 79, Oslo 91, Ottawa 47, Rome 208, Luxembourg 36. Heidelberg for Handy 90, Wiesbaden for Cannon 115.

[Spofford]

[3] Presumably Étienne Burin des Roziers, French Delegate to the Council Deputies, NATO, and Acting French Deputy Representative.

740.5/11–2850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT London, November 28, 1950—midnight.

Depto 239. Eyes only for Perkins from Spofford. This morning Hoyer-Millar, Alphand and I had talk on German problem. Hoyer-Millar gave Alphand for first time British position as made known to us late yesterday.[1] In stating it today he stressed fact that British did not like French proposals but were willing to have French proceed with them. Major consideration was getting on with military planning and appointment of supreme commander. He confirmed that British would not participate in European army. In general strongly supported US position.

Discussion which followed centered on major point of link between German rearmament and progress of French plan. I repeated position taken with Alphand yesterday that no link would be acceptable to US since would inject element political uncertainty into military preparations. Hoyer-Millar supported this view. Alphand stated he

[1] On November 27 Hoyer-Millar had informed Spofford that the British had decided to support the United States proposal. The United Kingdom would not participate in a European army but might send observers to the conference at Paris, provided there was no link between political and military developments. Spofford reported these views in Depto 230 from London, November 27, not printed. (740.5/11-2750)

had reported our view to Paris and had suggested abandoning link concept but had been turned down. He suggested as alternative agreement that military controls (as proposed in MC–30) should be relaxed only upon creation European army. I stated this unsatisfactory but would consider some such agreement if relaxation controls related to permanent institutions which might or might not be European army. Alphand attaches great importance to this system as offering Pleven basis for saying to assembly that new proposals have same strength as old in which he stated categorically that German rearmament would be linked to creation European army, Defense Minister et cetera. Believe area of possible agreement exists here. Would appreciate your comments and guidance.

Alphand then read us telegram he had sent to his government recommending basis of agreement which except for above question of link is in general within scope of our proposals and military commission working paper. Following is summary his telegram:

(1) Level of German units will be RCTs as proposed in MC–30.

(2) French will call conference in Paris to which European NATO nations invited. No agreement in principle will be requested in advance. Agenda should specifically mention French proposals. Non-European NATO members will be invited as observers. Invitation will be given after Schuman Plan accepted.

(3) Preparatory measures for German rearmament acceptable on interim basis. This includes legislation, registration, recruitment and training, latter in first instance, to be in conjunction with occupation forces.

(4) Pending establishment permanent system, controls (as prescribed in MC–30) to be administered by High Commissioners.

(5) When permanent institutions created interim arrangements to be replaced. European High Commission, if and when appointed, would assume responsibility for recruitment and training and controls would progressively disappear.

As separately reported [2] today's meeting brought fuller exchange of views than any session so far. Statement by Hoyer-Millar who up to yesterday's Cabinet decision has been rather strongly opposed to our scheme in his discussions with other deputies, helped break log jam. Canadian deputies statement also helpful and effective.

I had short talk with Alphand before he left for Paris. He intends to press for his solution notwithstanding his previous turn-down on question of link. He states it is most important that US give such encouragement as it can to Paris conference. Separate comment on this follows.

In my judgment next few days are critical. Believe we have gone as far as we can to meet French and have pulled other European coun-

[2] Depto 238, *supra*.

tries along that far only with considerable difficulty. In circumstances believe time has come to exert maximum pressure on French. They will probably neither completely accept or completely reject our proposal (Depto 211)[3] but it seems essential that they come very close to accepting it as it stands. Prior to government's fall[4] we had contemplated asking that strong representations be made in Paris, perhaps by personal message from Secretary to Schuman. Believe pressure should be brought there in such ways and at such times as Department and Bruce may think best. Following are points which we believe should be emphasized to French:

(1) French were in minority of one at Defense Commission meeting.

(2) We have done everything we conscientiously could to meet French and to bring other NAT partners along but they are still more or less minority of one.

(3) We consider it essential that steps to raise and train German forces be initiated immediately as much time would inevitably be required before even smallest German units were formed. We agree that concurrently French should convene conference of such nations as are prepared to attend to discuss French proposals.

(4) We sincerely endorse general objectives of French proposal i.e., Franco-German *rapprochement* and closer association of European nations.

(5) We are not prepared to exert pressure on other Europeans (whose lack of enthusiasm for French proposal has been very apparent) to accept in advance any particular institutions designed to obtain French objectives.

(6) We emphatically cannot accept any link in time or substance between steps involved in raising and training German forces and progress toward European army and political institutions.

(7) We are prepared to negotiate on some provision to effect that provisional controls over German participation would not be relaxed until replaced by other more permanent controls or agreement reached that they are unnecessary.

(8) If French would accept compromise proposals which all others have now accepted, supreme commander could be appointed and integrated force established immediately. This should greatly simplify solution of many problems which now appear difficult.

(9) We believe any further delay would have most serious consequences both upon development of adequate defense of North Atlantic area and on same public estimate as to willingness and ability of European Governments to face up to requirements of adequate defense.

Sent Department Depto 239, repeated information Paris 1031, Frankfort 477.

[SPOFFORD]

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[3] Dated November 22, p. 479.

[4] For documentation on the fall of the Bidault Government on June 24, 1950, see pp. 1379 ff.

740.5/11–2950 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET PRIORITY WASHINGTON, November 29, 1950—8 p. m.
NIACT

2986. Eyes only Amb Bruce from Secretary. We were deeply concerned over increasing evidence that delay in reaching NAT agreement on Ger participation not only causing very serious loss of momentum in our entire effort to build up strength of West but is also causing very adverse reaction, particularly in Ger but to lesser extent in other NAT countries. It imperative we reach agreement in NAT Council Deps and Mil Comite at earliest possible moment.

With foregoing in mind I am sending (immed fol tel) personal msg for Schuman which you shld deliver earliest unless you perceive objection. (Spofford shld hand copy to Hoyer-Millar after the delivery to Schuman.)

In delivering msg to Schuman you shld say that although some of the elements of the problems are different, the fundamentals are the same as they were when I addressed two messages to him on October 13, 1949.[2]

If ques arises, you can say to Schuman that I actually have in mind possibility of personal talks between Schuman and Adenauer concerning plans for Eur integration. Of course it is implicit in the msg that any such talks shld not in any way delay conclusion of satis agreement in NATO on mil issue of Ger participation, which we wld hope cld be worked out next week by Deps and Mil Comite.

ACHESON

[1] Repeated to London as 2832, eyes only for Spofford and Holmes, and to HICOG Frankfort as 3935, eyes only for McCloy.
[2] Neither printed.

740.5/11–2950 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET PRIORITY WASHINGTON, November 29, 1950—8 p. m.
NIACT

2987. For Bruce eyes only. This is message referred to in our tel 2986 Nov 29 which should be delivered at once:

"My dear Mr. Schuman. During our conversation in Sept, we had a thorough exchange of views on the problem of developing our common defensive strength and on the difficulties involved in asso-

[1] Sent priority and niact for information to London as 2833, eyes only for Spofford and Holmes, and to HICOG Frankfort as 3936, eyes only for McCloy.

ciating the German Federal Republic with such a development. Since then, these questions have been explored in an even more detailed manner by various representatives of the North Atlantic countries. Whatever differences may have existed on timing or method, I know that our sense of the urgency of the situation and the broad objectives which we have in mind are identical.

If I now make a fresh personal approach to you it is because of a deep conviction that, on the one hand, failure to solve our defense problem forthwith may lead to an immense calamity for the civilized world and that, on the other hand, we stand on the very threshhold of an unprecedented advance in the organization of the free world if we can only give a strong lead promptly.

The situation in Germany, it seems to me, is noticeably deteriorating, or at any rate tending to harden unfavorably in the absence of a concrete proposal which we can discuss with the German leaders. It is imperative that we put an end to this dangerous drift of German opinion by uniting upon a practicable plan.

You are of course familiar with the proposals which Mr. Spofford has made for combining elements of the French and United States plans. These proposals seek to permit the earliest possible development of real defensive strength (including a German contribution) and at the same time to pursue vigorously the course of European consolidation. I want to express my belief that we ought to settle the matter along these lines without further delay. The situation we face cannot tolerate delay in further attempts to link initiation or phasing of the defense build-up to future political and economic developments. An early start should be made on the process of organizing German manpower. The Supreme Commander ought to be named as a tangible step which is bound to give form and impetus to our military effort. Each week of continued delay on these matters worsens our relative position, both militarily and psychologically.

I think there will be no doubt in your mind as to the far-reaching and tragic significance of the shocking turn of events in Korea in these last days. I am convinced that our response must be to forge ahead without further delay in our efforts to build defensive strength in Western Europe.

For all these reasons, I sincerely hope that you and your government are giving the most sympathetic consideration to the proposals Mr. Spofford has made and will join us in now accepting something along these lines as an essential first step to further progress.

I should like to emphasize that I consider adoption of these proposals to be only a starting point. I do not need to remind you of the attitude which the Government of the United States has displayed on innumerable occasions and in many forms, toward European integration. We favor it. I favor it. If the European countries could work it out in a practical manner a sound basis would be laid on which military and economic strength could be built. A rallying point would be created around which a free and civilized Europe could muster its energies for a successful defense of its beliefs and the traditions of its history against the attacks of Communist nihilism and Soviet imperialism. It would perhaps be the soundest basis on which this generation could reinsure the next against another dangerous German aberration.

In the forefront of our problems is that of the future political development of our relations with West Germany. This presses hard upon us in connection with our discussions of military planning. Chancellor Adenauer's *aide-mémoire* presented to the High Commissioners on November 16 [2] opens up many of the questions which face us. A continuation of the Occupation regime in its present form is rapidly becoming incompatible with many of our broader objectives and certainly with any defense program for Germany. If your government in close consultation with the German and other European Govts could evolve the main outlines of a plan for binding the free nations of Europe more closely together in the spirit so well represented by the Schuman Plan, we could reasonably hope for long-term solution of our many problems, be they political, military, or economic. This task is one of great magnitude. It will require time and, as a practical matter, it will be necessary to approach the problem by stages. Nevertheless, I believe that even a partial solution along these lines would make it much easier to find answers for problems such as Chancellor Adenauer outlines.

One thing remains to be said. The US has given every evidence in statements, actions, and treaties, of the depth and permanence of its interest in Europe, its support for closer European association, its willingness to cooperate with Europe. That this will continue and increase, is, I am convinced, the will of the American people. It is my conviction that the broad framework of the Atlantic Community is an essential part of the free world structure, whether it be from the point of view of global security or of permanently ending the threat of German domination. We will continue to work with you and our other friends toward the goal of strengthening the North Atlantic Treaty Organization which gives expression to this concept. This is an essential corollary to an orderly progression from German cooperation in defense, to European integration, and thus final solution of the problem of relations with Germany. I believe your leadership, so fruitful in the past, can go far to accomplish our common objectives."

ACHESON

[2] Transmitted in telegram 319 from Bonn, November 17, scheduled for publication in volume IV.

110.11–AC/11–3050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, November 30, 1950—2 p. m.

3066. Eyes only for the Secretary from Bruce. I delivered your letter embodied Deptel 2987 to Schuman this morning. He read it carefully, said to express his personal appreciation to you for its tone and comments. He particularly considered your references European integration most helpful in connection conversations he is now having with other members government.

He said that he had discussed the Spofford proposals for several hours last night with Alphand and that he would meet Pleven at 4 o'clock today on this subject.

I talked to him frankly along the lines suggested in London's Depto 239, November 29. He said that our proposal still posed certain difficulties for the French Government but that our points of view appear to be so close that he was optimistic about resolving the remaining difficulties. He was careful to add, however, that he was expressing only his personal points of view and would send an answer to you tomorrow morning after he had seen Pleven and possibly other members of the Cabinet.

He asked me to express a personal opinion as to whether these proposals represented the final decision of the American Government on this matter. I told him that in my opinion they substantially did so and that there was no room left for bargaining as far as principle and substance were concerned. He said that was his impression as well and he would treat them in this spirit. He also said that from all that had been reported to him he had derived the most favorable impression of the fairness and skill as well as desire to accomplish a satisfactory result exhibited by Spofford throughout these negotiations.

Sent Department 3066, repeated info niact London eyes only for Spofford and Holmes 742, Frankfort eyes only for McCloy 347.

BRUCE

740.5/11–2950

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Perkins)

SECRET [WASHINGTON,] November 29, 1950.

Participants: Mr. J. G. deBeus, Netherlands Minister
Mr. Perkins—EUR
Mr. Scott [1]—WE

Mr. deBeus called at his request to state the position of the Netherlands Government with respect to the current discussions in the Council of Deputies. He said that the questions I had put informally to Ambassador van Roijen in my talk with him yesterday [2] had prompted The Hague to instruct the Embassy to state its views officially. They wished to do this particularly because they thought favorable reaction to the proposal we had made last week in the

[1] Joseph W. Scott, Officer in Charge of Swiss and Benelux Affairs in the Office of Western European Affairs.

[2] No record of Perkins' conversation with Ambassador van Roijen has been found in Department of State files.

Deputies might possibly be considered as presaging ultimate support for the French plan for a European federation.

He began by saying that our proposal contained an expression (he did not identify it further) which appeared to open up the possibility of a European federation. There were some who thought this would encourage the French to persist with their plan without substantial modification. In fact, from private conversations with the French, Netherlands officials had concluded that the ultimate French objectives were basically the same as they had been at the October meetings. In reply, I noted that our proposal and the French plan were susceptible of concurrent development. I added, however, that I did not think it correct to assume the French had in no way modified their views since the October meetings here; on the contrary, we thought they had come some distance since then in modifying their views.

Mr. deBeus then went on to say that The Hague wanted to make sure we understood that Dutch acceptance of our proposal, following upon their agreeing to participate in the Schuman plan, did not mean they intended to accept the French concept of a European federation. On the contrary, The Hague had come to the conclusion that it could not accept the French plan now for the very reasons Ambassador van Roijen had anticipated in his talk with me yesterday.

Mr. deBeus then repeated that The Hague was convinced that the UK would not in the foreseeable future participate in a European army of the kind the French had in mind. If the UK didn't, the Scandinavians wouldn't either. This would leave only the Italians, the Benelux countries and Western Germany to go along with the French. In such a group, the Dutch believed either the Germans or the French would necessarily play the dominant role. The need to avoid German dominance required no elaboration. On the other hand, the Dutch were unwilling to depend on French leadership in such a group. DeBeus mentioned French involvements in Indochina and North Africa and the strength of the Communists in metropolitan France as being among the major reasons the Dutch considered they could not depend on French leadership in any defense arrangement. In view of this and in view of the fact that Anglo-Dutch and American-Dutch relationships (now that the Indonesian problem has been essentially solved) are as close and friendly as they are, The Hague has concluded it would not be willing to participate militarily in anything less than an "Atlantic" group or at least a European group which included the UK and the Scandinavians. In such a broader group, however, The Hague has resolved to go to extraordinary lengths to help bring into being a workable defense system.

George W. Perkins

740.5/11–3050 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT LONDON, November 30, 1950—noon.

Depto 250. From Spofford. Following is draft report (working paper) on German participation which I am circulating, as chairman, to deputies this morning preparatory to next meeting:

"*Introductory:*

1. Report of Military Commission [*Committee*] (MC–30) was considered by deputies and Military Commission in consultation and has been approved as set forth in annex "A" [1] hereto.

2. Certain questions considered in report were left open for determination pending consideration of political aspects by deputies. These questions have been reviewed by deputies and are embodied in their comments set forth below.

General Principles:

3. Need for organizing and developing collective defense of Europe is increasing rather than diminishing. Council has already decided that defense of Europe will require establishment of integrated force, under centralized command and control, composed of forces made available by participating governments and full utilization of manpower and productive resources available from all sources.

4. From political point of view, Council Deputies concur in and endorse statements made in paragraphs 1 through 8 of MC–30, particularly that defense of North Atlantic area requires that Western Europe be defended as far to east as possible, that considerable potential of Western Germany must be denied to enemy and secured for North Atlantic nations, that acceptable and realistic defense of Western Europe and adoption of forward strategy cannot be contemplated without active and willing German participation, and that process of building up total forces required must be initiated in immediate future.

5. Deputies have been considering political aspects of German participation in defense of North Atlantic area. They are agreed that following principles are applicable:

(*a*) Any system of German participation must be within NATO structure, whether directly or indirectly;

(*b*) System must be militarily acceptable and units formed thereunder must be effective;

(*c*) In so far as possible, European, as distinct from national, spirit should be instilled in German contingents;

(*d*) German units should be on basis of full equality with units of other participating countries with which they are integrated;

(*e*) Recognizing that in any solution adopted some controls on Germany will be required, solution should provide for pro-

[1] No Annex A was found attached to the source text.

gressive diminution of such control over Germany to extent that such diminution will not lead to resurgence of traditional German militarism.

(*f*) Solution should provide for rapid formation and training of German units;

(*g*) To make rapid progress, existing organizations and agencies should be utilized in initial phases, without prejudicing development of effective permanent institutions which can assume necessary responsibilities;

(*h*) Solution adopted should be flexible and subject to modification in light of experience.

6. In reviewing military and political aspects of problem deputies are convinced that concurrent solutions cannot be found to all questions presented. While work proceeds toward solution of political aspects of problem, certain measures upon which there already exists large measure of agreement can and must be taken immediately. This conviction dictates use of provisional measures during transitional period. Purpose of such transitional period would be

(*a*) To permit essentials of military organization to proceed immediately;

(b) To proceed with recruitment of German manpower and production of matériel under provisional arrangements pending development of more permanent system; and

(*c*) To enable broader political problems to be dealt with concurrently but apart from urgency of initiating military measures.

These provisional arrangements would be progressively superseded as and to extent that permanent mechanisms, either military or political, were developed which would be effective to discharge various responsibilities.

Political Aspects of Military Question:

7. Deputies are agreed on following recommendations on those military questions left open for determination pending consideration of military aspects:

(*a*) Size of German formations: (German formations should be smallest completely balanced units as determined by military considerations.)

Note: Size of German units should await consideration of final report of Military Commission.

(*b*) Air units: German contribution should include appropriate air units for defense of Western Europe and support of German ground units. Such air units would be within integrated air components of Supreme Commander.

(*c*) Conscription or voluntary enlistment: Deputies consider that this problem should be determined by German authorities. There is no political objection to conscription system for German units. In fact conscription may give more democratic and less traditionally militaristic character to these units. In general, action of German Federal Republic should be governed by recommendations of Military Commission as endorsed by deputies with regard to military service.

(*d*) Contributions of German production: Subject to safeguards set forth in annex "A" deputies consider that German production should contribute greatest extent possible to support of German contribution and to such other phases of common defense as may be reasonable and within her capabilities. Nature and size of contribution required of German armament industry should be recommended by appropriate agencies of NATO.

Until other arrangements are adopted safeguards on production will continue to be exercised by occupying authorities. There must of course be close cooperation between this agency and Defense Production Board of NATO.

(*e*) Plans for raising and preliminary training of German forces: Deputies agree that detailed plans for raising and preliminary training of German forces should be made by occupying authorities in concert with Supreme Commander and appropriate German authorities after initial discussions with Germany have clarified overall problems.

(*f*) Internal organization in Germany: Deputies have discussed various aspects of internal defense organization in Germany. They recognize that final determination must be made in conjunction with German authorities. German internal organization will also depend to some extent on nature of any political defense structure which evolves in Europe and in NATO. Deputies consider that inter-allied agency is not acceptable substitute for German organization. Whether or not these functions should be performed by one or more German agencies should be determined after discussion with German authorities. It is generally agreed that:

(1) Organization should be capable of fulfilling its functions effectively and rapidly.
(2) Functions to be performed by such organization would be limited to prevent development of powerful Defense Ministry.
(3) To insure against possible recreation of German staff, operational, planning and intelligence functions above level of authorized units should not be established in German defense structure.

Deputies consider that enforcement of safeguards, as set forth in annex "A", should be responsibility of occupying powers. Enforcement of those safeguards can be progressively transferred to appropriate European or NATO agency if and to extent that this should later be considered advisable, or relinquished as need for them ceases.

Political Questions:

8. Deputies recalled that Council in its resolution of September 26, 1950 (C5–D/11–final)[2] stipulated that integrated force should be organized under North Atlantic Treaty Organization and be subject to political and strategic guidance exercised by appropriate agencies of North Atlantic Treaty.

[2] Transmitted in Secto 55, September 26, p. 350.

9. Deputies have considered French proposals that there be included within NATO framework European army subject to European as well as NATO political guidance. They are agreed that any such institutions, if and when created, must (*a*) strengthen North Atlantic community and integrated defense of North Atlantic area; (*b*) be integrated into NATO framework; (*c*) promote closer association of countries of Western Europe and tie Western Germany more firmly to west.

10. Creation of European defense structure raises problems which require profound and mature consideration, and which cannot be adequately solved in haste. If fully adequate and lasting solutions are to be found such problems should be considered on their merits and free from pressure of initiating military measures. Furthermore it could not realistically be expected that these solutions, even if agreement upon them were quickly reached, could attain adequate development in time to serve as framework for rapid initiation of effective military strength.

11. Deputies consider that European powers which wish to participate (including German Federal Republic) and observers from other NAT governments, if latter desire to be so represented, should be convened to consider French Government's proposals for European army and attendant supporting political institutions. To extent that agreement is reached by European powers upon such arrangements, and they are developed to point where they can create and support effectively military forces of European rather than national character, suitable for integration into NATO, these arrangements will be placed progressively into operation and can then supersede transitional arrangements. Final test of all such arrangements must be whether, in judgment of NATO, they are militarily effective and serve to strengthen North Atlantic community. Transitional arrangements shall continue in effect until replaced either by arrangements so agreed upon or by other arrangements adopted by NATO in light of experience. Assurances should be given to German Federal Government that they would have full equality in discussions concerning political superstructure for Western European defense and equality of treatment of German units in integrated force.

12. Consideration of these political problems must not delay prompt initiation of those military measures upon which agreement has been reached by Military Commission and which can be initiated forthwith. Deputies consider that Allied Occupation Authorities in Germany should be authorized, on behalf of parties to North Atlantic Treaty, to discuss with German Federal Government question of German participation in Western European defense along lines set forth in annex "A". Principles enunciated therein and in this document should guide Occupation Authorities. Object of these discussions should be to secure earliest possible recruitment and training of German formations for integrated defense force. German Federal Government should also be informed of desire of NATO members to maintain flexibility in such provisional arrangements as may be agreed upon so that appropriate modification can be made in light of experience.

13. Definitive solutions of various segments of problem raised by German participation would be facilitated by actual experience in

working under provisional agreements for period after Supreme Commander has been appointed and in dealing with practical problems involved in developing integrated force for defense of Europe, including German formations. They consider this matter of primary importance for rapid solution of both short-term and long-term problems.

Conclusions:

Deputies, therefore, submit following conclusions:

(1) Report of Military Commission constitutes acceptable basis, from political aspect, for German participation in defense of Western Europe.

(2) Political climate in Germany is deteriorating to detriment of German willingness to cooperate in European defense effort.

(3) Consideration of political superstructure and European army for Western European defense proposed by French Government should not delay prompt initiation of those military measures upon which agreement has been reached.

Recommendations:

The deputies therefore recommend:

(1) That this report and annex "A" thereto be approved.

(2) That Allied Occupation Authorities in Germany should be authorized, on behalf of parties to North Atlantic Treaty, to discuss with German Federal Government question of German participation in defense of Western Europe in accordance with this report and annex "A" and be requested to report results of such discussions and steps taken to initiate German participation in accordance therewith.

(3) That European powers which wish to participate (including German Federal Republic) and observers from other NAT governments, if latter desire to be so represented, should be convened at initiation of French Government to consider its proposals for European army and its attendant political institutions."

Sent Department Depto 250; repeated info Paris 1043, Frankfort 484.

[SPOFFORD]

740.5/11–2950 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London

SECRET PRIORITY WASHINGTON, November 30, 1950—8 p. m.

Todep 127. For Spofford. ReDepto 247 Nov 29.[1] We fully realize that if agreement is reached by Deps and MC on Ger participation, a

[1] Not printed; in it Spofford reported that there was a consensus among the NATO Deputies for a ministerial meeting only if a sufficient measure of agreement was reached at the deputy level. The ministerial meeting would be followed by a council meeting at which both Defense and Foreign Ministers would be present (740.5/11–2950).

Council mtg immediately following the Def Comite mtg wld probably be desirable particularly in terms of public opinion in NAT countries. On other hand there are important considerations which make us doubt whether as practical matter such mtg shld be held. In first place Council action wld be simply rubberstamping agreement. Secondly it now seems clear that even after NATO agreement on Ger participation we will face major problem in obtaining willing Ger participation. In this connection it seems likely that after we have approached the Gers and have clearer picture of what conditions they may attach to participating in integrated force we will be obliged have Big Three mtg in order reach neces agreement to permit further progress with Gers. Such mtg wld require careful preparation and time wld also be required to obtain clearer picture of Ger problem. Therefore such Big Three mtg cld probably not be usefully held until some time in Jan.

If Council met in Dec for rubberstamp operation the Secy wld in all probability be obliged return to Eur some time in Jan. In view pace of current developments particularly in FE and necessity for Secy's presence in Wash, it wld be extremely difficult—if not impossible—for him to make two trips to Eur within period of 4 or 5 wks. We realize that failure to have Council mtg in Dec wld probably be disappointment for other Fonmins who do not have same problem. Before reaching any final decision on this we wld like to have your considered views on above. If it proves impracticable to hold Council mtg in Dec, Deps wld in name of Fonmins take immed Council action on Def Comite recoms in Lond. In our immed fol tel we sending you our tentative views (which have not been cleared) on procedure which might be followed by Deps and Def Comite in Lond based on assumption Fonmins will not meet.[2] Wld like your views soonest on this procedure. This shld not be discussed outside your immed staff.

ACHESON

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[2] Todep 128 to London, November 30, not printed (740.5/11–2950). It suggested (1) that the Defense Committee agree on a German contribution to an integrated force with the recommendation that the representatives of the three western powers be authorized to approach the Germans. This agreement should be sent to the Council for approval. (2) The Defense Committee would also recommend to the Council establishment of the position of Supreme Commander, Supreme Headquarters and an integrated force. (3) Council of Deputies, acting as Council, should approve the actions of the Defense Committee and request the Defense Committee to designate a Supreme Commander.

740.5/11–3050

Memorandum of Conversation, by the Deputy Director of the Office of European Regional Affairs (MacArthur)

SECRET [WASHINGTON,] November 30, 1950.

Participants: Mr. Matthews, G
Mr. C. E. Steel, Minister, British Embassy
Mr. MacArthur, RA

Mr. Steel called at his request to bring to the Department's attention the views of the British Government on the creation of an integrated force for the defense of Europe and the naming of a Supreme Commander. Mr. Steel said that the British had only with the greatest reluctance agreed to the compromise proposal put forth by Mr. Spofford since they consider that the French desire to create a strictly "European Army" is not desirable. The British feel that this will complicate the problem of obtaining German adherence and furthermore might result in the creation of some kind of a weak European Third Force which would be subject to pressures from the "neutralists". Such a development, where a European Army would be responsible to a weak European political structure, could prove very dangerous in terms of NAT military strength.

Mr. Steel said that while the British had agreed to go along with the Spofford proposal, they felt very strongly that it would be impossible to make any progress in creating the necessary defensive strength in Europe if a Supreme Commander were not named immediately. The British therefore trusted that if agreement were reached by the Military Committee and Deputies and ratified by the Defense Committee, we would at once announce the creation of the integrated force and the Supreme Commander thereof. Mr. Steel said that the British believe that this would be helpful throughout Europe but would in particular be of great help with Germany. He believed that a Supreme Commander of outstanding stature and leadership could, given the nature of the German character, go far to obtain German participation.

Mr. Steel requested that the British Government's very strong views in this respect be brought to the attention of the Secretary. He concluded by stating that the British Government believes that our whole effort in the NAT defense field would bog down unless we took the above steps.

Mr. Matthews said that we were giving this question our most serious attention and that while he could not give an answer on what

our position would be, we would keep very much in mind the considerations mentioned by Mr. Steel.

There are attached copies of two telegrams that Mr. Steel left with Mr. Matthews on this problem. One is from the Foreign Office in London and the other from the British High Commissioner, Mr. Kirkpatrick.[1]

[1] Neither printed.

740.5/12–250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, December 2, 1950—1 a. m.

Depto 258. (Section one of two) Deputies 36th meeting.

1. Alphand opened discussion draft report by chairman (Depto 250, November 30 repeated Paris and Frankfort only, document pouched other addressees) with general counterattack that paper was supposedly synthesis but failed completely reflect French point of view. It was further from French view than last US paper (Depto 202, November 21). He must therefore, make a general reservation to whole paper. French Government would consider paper again at special cabinet meeting next week and wanted fullest possible report, particularly answers to following questions:

1. Since at previous meeting no one objected to German units being limited to RCTs may French Government be informed that from political point of view there is no objection to RCT limit?

2. To what military organizations would RCTs be attached during interim period, to existing Allied divisions pending creation European divisions?

3. Is it agreed that interim controls would not be relaxed until a European army was in effective existence?

4. Is it understood that if new factors arose, whole question would be re-examined, for example, if discussions with USSR made some other course desirable?

5. What course of action would be taken if Germans refused to carry out interim measures? If they demanded abolition or drastic revision of Occupation Statute as price of participation, what would we do? Pleven had taken explicit position before Parliament and could not present any solution that did not substantially fulfill commitments he made then. Chairman's draft contrary to Pleven's engagement. Latter could not accept it without consulting cabinet and perhaps his "majority". Cabinet would meet perhaps Monday or Tuesday.

2. Consensus was that answer to Alphand's fifth question impossible now since it would depend on terms put to Germans and of their response. Chairman pointed out that first 4 questions presented by Alphand [could] be covered in paragraph by paragraph discussion of draft paper.

3. Paragraphs referred to correspond to numbers paragraph Depto 250. Chairman explained that paragraph 1 assumes military committee approved paper has been passed to deputies and included as annex one to draft. No comment paragraph 2 and 3. After words "German participation" paragraph 4, French deputy asked insertion "due consideration being given to morale of other participants". This agreed in substance.

4. Re 5(*a*) agreed strike out words "either directly or indirectly".

5. No comment 5(*b*).

6. Re 5(*c*) discussion centered on Europe versus NATO spirit for Germans. UK and Netherlands deputies felt "Europe" reference implied acceptance French plan. Alphand complained that if everything sympathetic to French view removed he could never sell it in Paris. Netherlands deputy pointed out French free to go ahead with plan for European organization but Denmark had not adopted or recommended plan. Denmark deputy pointed out danger was nationalistic rather than national spirit. Denmark point agreed.

7. Re 5(*d*) UK deputy pointed out full equality was not intended. Has agreed to qualify sentence by words "subject to limitations in MC 30".

8. Re 5(*e*) UK deputy pointed out there are two types of controls; the tripartite controls which are primarily political and economic, and those controls considered in MC 30. Relaxation of tripartite controls depended not only on German military activity but on good behavior in other fields. This paper should relate only to controls considered in MC 30. Deputies agreed. Alphand pointed out this related to his third question. He wished add "and *pari passu* with progressive building up of an integrated force within Europe or NATO framework". UK pointed out this condition unnecessary since French had control as occupation power in interim period. Netherlands deputy pointed out French would condition relaxation of controls on new organization rather than on behavior of Germans. Alphand stated he had apparently misinformed his government. He had understood deputies had accepted link as given in earlier US paper (Depto 202, November 21). Chairman stated language in earlier paper carried into paragraph 6 this draft but it was not intended to imply definite link Alphand contemplated. Netherlands observed that if Germans told to accept French plan or remain under controls they would not accept interim

procedure at all. Alphand insisted on substance (Section 2 of 2) and language earlier US paper. Unless relaxation controls linked to establishment political organization, Germans would have full equality and be in NATO in six months. Chairman pointed out no agreement this question and further discussion deferred.

9. Re 5(*f*), Netherlands asked whether "training" meant equipping and readying for combat or used in limited sense. Stated solution should provide fully combat-worthy units. Consensus favored this sense and deputies accepted chairman's suggestion linking this paragraph to provisions MC 30. Alphand repeated general reservation.

10. Re 5(*g*), UK deputy suggested adding after "utilized" words "as far as possible" and replacing "without prejudicing" by "pending". Deputies accepted first but UK withdrew second in face Alphand's vehement objection.

11. Alphand suggested paragraph 5(*h*) be something along lines his fourth question. Chairman pointed out different idea involved. Deputies accepted Netherlands substitution word "events" for "experience".

12. UK deputy submitted redraft paragraph 6, eliminating all references to a provisional or transitional period. Believed transitional phase might last long time and it would be unwise to emphasize provisional aspect to Germans. Should be clearly understood that NATO plans must proceed. If French plan for European army succeeded, well and good; if not, its failure should not hinder NATO progress. Subject to previous reservations, Alphand stated would accept US language but never UK proposal since basic difference involved. He believed UK envisaged only one period, of declining controls, while US and French saw first period merging into second and more permanent one. Netherlands agreed with UK that provisional arrangement must become permanent [if?] superstructure did not materialize. Deputies finally agreed to original paragraph with insertion in 6(*b*) of "information of combat-worthy German units" after "manpower" and in last sentence "or modified" after "superseded".

13. Re 7(*a*), Alphand pointed out MC indicated division better but RCT acceptable if more politically desirable. Therefore, up to Deputies to say whether or not political considerations require it. Chairman pointed out transitional and long-term requirements differ. Netherlands Deputy pointed out RCT accepted as second best peacetime solution, but in event of mobilization, it would be necessary to form RCT's into German divisions. Alphand objected to divisions in war as well as in peace. RCT's would be attached to existing divisions until European divisions formed. Could not recede from French Parliament's position. Suggested RCT's be attached to existing divisions for training. If European army not formed, question could be

re-examined. Chairman pointed out this matter to be considered with military and further discussion deferred.

14. Re 7(*b*), Netherlands Deputy stated Hague thought Germany should have both defensive and tactical air. All Deputies agreed except Denmark and French who were without instructions.

15. Re 7(*c*), Chairman pointed out intent this paragraph was to be in consonance with principles approved by military and defense committees. UK felt Germans would reject any early request they adopt conscription. Alphand pointed out provision directly contrary to Occupation Statute. UK and French Deputies preferred deletion reference to preference for conscription. Other Deputies preferred retention. Agreed retain for further discussion.

16. Paragraph 7(*d*) generally accepted.

17. Re 7(*e*), Norwegian Deputy suggested plans agreed to by Supreme Commander and German authorities should be reported to Deputies before implementation. Chairman pointed out position applied to overall question rather than just raising and training forces and covered by recommendation two. Deputies agreed.

18. Re 7(*f*), Netherlands Deputy asked what agency would carry out those functions which German agency was prevented from carrying out under F(2). Stated should not exclude possibility of an outside agency assuming such functions. Chair stated outside agency would exercise controls but not administrative tasks. Netherlands preferred one German agency with limited functions and remaining functions done by NATO. Re last sentence paragraph 7, Alphand wished add phrase like that he had proposed for 5(*e*). Chair suggested this be deferred until 5(*e*) agreed.

19. Chair stated he planned ask Drafting Committee to redraft paper in light of comments after review of paper completed by Deputies. Adjourned to 10 a. m., Saturday.

Department pass Ottawa. Sent Department Depto 258, repeated information Paris priority 1067 for Embassy and OSR, Frankfort priority 498 pass Heidelberg 94 for Handy and Wiesbaden, 119 for Cannon Brussels 150 pass Luxemburg 40, Copenhagen 113, Hague 161, Lisbon 83, Oslo 96, Ottawa 51, Rome 215.

[Spofford]

740.5/12–250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT London, December 2, 1950—midnight.

3239. Eyes only from Spofford. On Alphand's initiative I talked with Pleven and Schuman this afternoon. Parodi, Massigli, Alphand and Achilles present.

To our complete surprise Pleven and Schuman stated they had reached conclusion their best hope of carrying French Assembly was acceptance Dutch proposal for NATO High Commissioner.[1] This would mean Twelve-Power acceptance of basic French thesis, i.e. international rather than German control over German forces. They suggested acceptance in principle now of idea of NATO HICOM, with his functions to be worked out in detail in comparatively near future while initial military steps being taken in Germany, with European army and political superstructure idea retained as longer range objective. They believe this will be more acceptable to Assembly than original Pleven proposal unagreed in principle and with only few lukewarm countries prepared to discuss it. They emphasized they had not yet broached idea to anyone else either here or in Paris and could not guarantee reaction there. They expect discuss it with key political figures Monday and Tuesday and earnestly requested our consideration and reaction before then.

I told them we had not really examined Dutch proposal and had no idea how Washington would react but that we would endeavor obtain views soonest. Emphasized concern at any further delay and imperative need for immediate agreement on solution German problem.

They reiterated belief European solution best ultimate means of ensuring German cooperation but said they now felt best way of working toward it in defense field was through NATO in first instance.

My first reaction to this *volte face* is that it would have been helpful two weeks ago. It still may help but will take intensive thought before agreement in principle is possible. Many functions of NATO HICOM suggested in Netherlands paper [2] particularly those in paragraph *b* go beyond requirements of situation and would cross wires with HICOM's and SHAPE in several respects. On other hand, if functions kept down to supervision of German Federal agencies for recruitment, training, et cetera, and control matériel, scheme may be practical. Advantage, in addition to getting French off parliamentary hook would be probable warm support of Britain, Netherlands, Norway, Portugal and others who either reject European idea or have accepted it only reluctantly despite our strong support and who will welcome emphasis on NATO. Realize this concept probably less acceptable to Germans and so would require continued emphasis on European institutions as long-range goal.

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[1] Regarding the Dutch proposal, see Depto 202, November 21, p. 475.
[2] For a summary of the Netherlands paper, D–D/191, see *ibid.*

I am meeting Alphand in morning to try to reduce suggestion to concrete form. Would appreciate your first reactions soonest. My greatest concern is over time factor. Will have better idea on this tomorrow.

Sent Department niact 3239, repeated info priority Paris 1074, priority Frankfort 506.

[Spofford]

740.5/12–350 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT London, December 3, 1950—5 p. m.

3240. Eyes only from Spofford. Following are my preliminary views on current situation in light latest French position (Embtel 3239).

1. Our basic objective continues to be earliest agreement on plan for German participation as close as possible to original US proposals presented at Council and Defense Committee meetings. That proposal essentially sound and so recognized by all other NAT governments except French.

2. In effort secure French agreement rather than over-ride them and bring down French Government on issue German rearmament, we have spent three months and made substantial concessions.

3. Time is running out seriously and we cannot tolerate further delay in reaching satisfactory agreement.

4. We must continue to insist that solution be (1) militarily sound, (2) acceptable to Germans, (3) of nature to strengthen Supreme Commander and integrated force.

5. All governments including French have now accepted idea of transitional period during which recruitment and training of German formations will be initiated while longer range political questions are discussed.

6. They are also agreed that German defense structure should be under international rather than German control and that system adopted must (1) strengthen North Atlantic community and integrated defense of North Atlantic area; (2) be integrated into NAT framework; (3) promote closer association of countries of Western Europe and tie Western Germany more firmly to West.

7. Question at issue has been whether foregoing criteria should be implemented directly in NATO integrated force or indirectly through new European structure. Most Europeans objected to latter and remainder prepared agree only reluctantly.

8. It seems to me on surface French are now around nearly to where we want them but we cannot dismiss possibility delaying tactics to postpone facing issue in Assembly or avoid provoking Russia at this time. Assuming latest proposal bona fide, question now becomes one of

finding formula ostensibly new but substantively along lines (6) above for French to present to Parliament as acceptable in principle of basic French thesis that German defense structure be under international rather than German control.

9. Attempting arrange telecon with Perkins and Admiral Wright later today in which will pass latest information my conference Alphand this afternoon and discuss course to be followed in next few days.

Sent Department 3240, repeated niact Paris 1078, niact Frankfort 509.

[Spofford]

740.5/12–350 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT London, December 3, 1950—midnight.

3243. Eyes only for Perkins from Spofford. Hoyer-Millar has given me account based on rough notes of Saturday afternoon discussions relating to German problem which Pleven and Schuman had with Attlee and Bevin yesterday (he was not present).

French stated difficulties of German problem from their standpoint to be 3. First, parliamentary problem which they outlined in usual way. Second, Germans are now in trading position and are increasing their demands as result of internal political situation. Third, rearmament of Germany and specifically formation of German units may be provocation to Russia and endanger possibilities of successful talks in forthcoming 4-power meetings.

French stated that they were almost in agreement on plan proposed in deputies. However, in stating matters to which they were prepared to agree Pleven outlined them under 5 heads as follows:

(1) Principle of German rearmament;
(2) Percentage of German units to be included in integrated force;
(3) Establishment of system of recruitment and preparatory measures. Pleven said they saw difficulty in agreeing on German training or incorporation as units so long as there was possibility of successful discussions with Russians;
(4) Measures for producing war matériel and equipment; and
(5) "Principle" of combat-team.

In discussion which followed French apparently stressed effect of German rearmament on Russia and parliamentary difficulties. They apparently did not attempt to sell European army idea nor did they bring up question of linking progress of German rearmament with relaxation of controls which we had been led to think was one of major obstacles to our agreement.

From Hoyer-Millar's summary I gather that PriMin gave them fight talk on urgency of situation and necessity of agreement.

Important impressions I have from this summary, which Hoyer-Millar stressed was based on his reading of notes is emphasis laid on Russian reaction and lack of emphasis on points which Alphand has stressed in deputies negotiations.

[Spofford]

740.5/12–550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET London, December 5, 1950—1 p. m.

Depto 271. Deputies 38th meeting December 4.

1. Revised draft report on Germany (Depto 266)[1] approved subject minor changes, general French reservation and reservation paragraph 7 (*a*) on size of German formations and 7 (*b*) on German air units for consideration by joint meeting. Portuguese deputy reserved position on formation European Army, its integration into NATO force, and its subordination to political institutions (paragraph 10).

2. Burin said report failed meet French Government requirements and, suggesting that alternative solutions be considered, requested more details regarding the Netherlands proposal re NATO HICOM. (He had privately indicated intention go slow on this pending outcome Cabinet meeting this afternoon.)

3. Netherlands deputy reviewed proposal [his own] draft (see separate telegram) elaborating organizational context. He suggested this replace paragraph 9 of report and that list of subjects with which NATO HICOM might deal, be annexed.

4. In answer Portuguese query, Netherlands deputy explained that nature of "Council of Ministers" had been left purposely vague. It should be NAC but possibly desirable to form separate council including Germany, perhaps including only those countries contributing to integrated force.

5. UK had not completed internal consideration. Tentative Foreign Office view generally favored concept NATO representative. Suggested however that he should be (1) PolAd to SHAPE on problems relating to national contributions to integrated force, and be political liaison between SHAPE and national authorities; also that he should (2) assist Allied High Commission in supervising fulfillment condi-

[1] Not printed. It transmitted the text of the revised draft report on Germany which had been prepared by the drafting committee on December 2. For the text of the final report of the Deputies, see D–D/196 (Final), December 9, p. 531.

tions laid down in MC 30 for raising and controlling German units. After termination of OCC, he should fall heir to residual control powers presently exercised by allied HICOMs. Believed HICOM should have only political functions and avoid housekeeping duties suggested by Netherlands paper.

6. Netherlands deputy felt NATO HICOM should not rival present HICOMs but gradually take over certain functions from them. On one hand there was no objection to extending certain of his functions to cover forces other countries. On other hand broad area seemed exist wherein he could function on matters withheld from German defense agency and outside normal purview allied military authorities. He would not insist on particular functions but felt HICOM should be more than PolAd. Control functions should increase as OCC power controls vanished. Noted French view that political framework should be created which would remain after OCC ended.

7. Chair expressed tentative views in absence final US position. US military would probably wish retain responsibility for training of troops, although possibility existed that common staff colleges and military institutions might later be developed under military authorities. While a task for NATO HICOM might exist in area local German resources and liaison with SHAPE on resources, personnel, and supplies, this was for SHAPE to work out. Control of German defense agency presented basic juridical problems. Any direct NATO control would have either to be worked out by contract with the FedRep or be delegated by the OCC powers. Problems existed also in the relation of NATO HICOM to present allied HICOM, to SHAPE, and to top NATO body. Idea of NATO HICOM offered possible solution, but adequate consideration would take time. US would be prepared to examine this and other possible solutions in detail after integrated force had been established. We could not agree to it without further study. In meantime it was essential to agree now on method for German contribution or report failure. He proposed deputies conclude discussion of German problem at Wednesday meeting. In new [*view?*] present situation in FE Governments and public opinion could not understand continued bickering. Deputies should obtain final instructions from their governments by Wednesday.

8. Norwegian deputies said Chair in stressing urgency had spoken for all, and suggested agreement be sought Wednesday on broad outlines without spelling out details. Danish and Canadian deputies agreed.

9. French deputies said Netherlands proposal was positive and valuable idea; that powers HICOG and SHAPE should not be encroached, that substance of proposal might be included in paragraph 9, and that approach was legally feasible.

10. Netherlands deputy felt point on both agreements should be sought Wednesday was merely general expression of direction in which NATO should move.

11. Drafting commission will meet tomorrow and deputies will seek decision Wednesday.

12. Question military operating requirements deferred to Wednesday.

Department pass Ottawa. Sent Department priority Depto 271; repeated information Paris priority 1090, for Embassy and OSR, Frankfort priority 524, Brussels 155, Copenhagen 117, The Hague 166, Lisbon 86, Oslo 1010, Ottawa 54, Reykjavik 14, Rome 221, HICOG Frankfort pass Heidelberg for Handy as London's 98 and Wiesbaden for Cannon as London's 123. Brussels pass Luxembourg as London's 43.

[SPOFFORD]

740.5/12–550

Memorandum to the Secretary of Defense (Marshall) by His Assistant (Burns)

TOP SECRET WASHINGTON, December 5, 1950.

Subject: Contribution of Germany to an Integrated Force

There is presented herewith a summation of the present situation in reaching NATO agreement on the contribution of Germany to the defense of Western Europe and an estimate of the situation which will face the Defense Committee at its next meeting.

1. *Preparatory Measures.*

As agreed by the Defense Committee, the Military Committee and the Council Deputies are now separately considering the contribution of Germany to the defense of Western Europe. The Standing Group, with the Accredited Representatives, has completed an agreed paper [1] for consideration by the Military Committee. The Deputies have not arrived at an agreed paper but have, as of 28 November, outlined the scope of their considerations. There is general agreement that the series of meetings should not take place unless there is reasonable assurance of agreement. This has not yet been determined. The situation in the Deputies is expected to be clarified after their scheduled meeting of 1 December.[2]

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[1] A reference to MC 30, November 18, 1950, "Report by the Standing Group to the Military Committee on Military Aspects of German Participation in the Defense of Western Europe," which is summarized below.

[2] For a report on the 36th Deputies' meeting on December 2, see Depto 258, p. 508.

2. *The Military Committee.*

The Standing Group paper, which has received tentative twelve-nation approval, including the French military, has every chance of receiving Military and Defense Committee approval. Its main points are:

a. A European defense force, i. e., a composite force under political control of a European body as desired by the French, is militarily acceptable but its achievement must not delay the contribution of Germany.

b. By inference, if a European defense force (as a component of an integrated NATO force) is not successful, that Germany would contribute units directly to the integrated NATO defense force.

c. The formation of small German units should be started in the immediate future and these to be built up to the required size (unspecified and postponement of decision acceptable). SHAPE to determine when re-groupment necessary of German brigades.

d. The unit of a division is the best German contribution but the RCT or brigade group would be* acceptable if this is judged to be desirable for political or other reasons.

e. Germany should be allowed a defensive air force of limited size, trained in support of ground operations, and a naval force of light naval craft.

f. Positive and negative safeguards are outlined, including the limitation of German land formations to one-fifth of the total like Allied land formations allocated to and ear-marked for SHAPE.

g. German production should contribute to the greatest extent possible to the German military effort and to other phases of the common defense as may be reasonable and within her capabilities. Germany should not be permitted to produce heavy military equipment, military aircraft or other than minor naval vessels.

h. Detailed plans should be made by the occupying military powers and appropriate German authorities. Administrative and logistic aspects of German units should not be a responsibility of SHAPE.

3. *The Council Deputies.*

Discussion by the Deputies has centered on a United States proposed line of action which can be summed up as follows:

a. Separate the problem into two lines of concurrent action during a transitional period:

(1) the recruitment of German manpower and production under provisional controls;

(2) endeavor to solve, without the pressure of military urgency, the political problem of achieving the French proposal for creating certain European political institutions.

b. These provisional arrangements would be progressively superseded as effective permanent mechanisms, either military or political, were developed.

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*U.S. will seek to insert here the word "initially". [Footnote in the source text.]

c. The German manpower contribution during the transitional period would be controlled by the occupying powers using German federal agencies and in coordination with the Supreme Commander, SHAPE. Production and supply controls would be exercised by the High Commissioners, with a military security board, in conjunction with NATO.

d. Arrangements to incorporate the German contribution into the integrated force, particularly the minimum effective size of units, are matters for determination by the Military Committee.

> *Note:* French position is that RCT is highest standard unit of national contingents. United States position (not announced) is that balanced unit of divisional strength is *smallest* national unit. This would not be insisted on in initial period but end result must be effective divisions created with minimum delay. The Joint Chiefs of Staff, however, insist that the requirement for the ultimate need of divisional units be made unequivocal in the basic paper.

e. If the French have not developed their political institutions by the time the Germans are ready to be incorporated into the integrated NATO defense force, it would be necessary to include German units as national contingents directly under SHAPE. This would be without prejudice to any future success which the French may have in implementing their proposal.

f. Meanwhile, the French would convene the European powers (including Germany) to formulate proposals for creating the European institutions adequate to the point of creating and supporting effectively the military forces of Europe on a non-national basis. The forces are to be suitable and militarily effective for integration with other NATO forces under SHAPE (from United States, United Kingdom and other sources).

g. The appointment of a Supreme Commander and the practical experience acquired in creating the integrated force should facilitate solution of the detailed problems raised by German participation.

4. *European Reactions.*

On the whole, European reactions have been favorable to the American proposals. As previously evident, the only serious difficulty has been with France. The French Government has insisted that progress of German rearmament be linked to creation of the European defense force. The French Government believes the RCT is the final maximum size of German units, but this has not been an issue so far, since at present the final decision on the size is postponed. The British and other countries definitely favor the American proposal, and, if not committed to it, at least have not expressed any serious doubts. An interesting proposal has been made by the Netherlands Representative that it would be better to have a NATO High Commissioner to control the rearmament of Germany than a limited European Commissioner, or Defense Minister, for this purpose. He pointed out that NATO was more effective in numbers than a doubtful European coalition.

5. As a result of the detailed considerations by the Military Committee and the Council Deputies the content of the joint paper which they are to submit to the Defense Committee should have no large controversial issues provided there is careful handling of two points. These two points are the ultimate size of German units and the linkage between German rearmament and the French European defense force. Action within the Defense Committee on the German issue may be confined to only general discussion, followed by agreement. The importance of the Defense Committee meeting, therefore, would seem to rest not in the German paper but what to do as a result of reaching agreement on this issue. You will remember that at the last meeting consideration was postponed on the formation of an integrated defense force for Europe and the establishment of a Supreme Commander with his headquarters. By inference the United States declined to agree on the force and its commander until the question of Germany's contribution had been settled. If, then, the question of Germany is agreed to, the important Defense Committee actions are whether or not to inaugurate the integrated force and establish SHAPE and designate the Commander.

a. On this matter the previous views of the Joint Chiefs of Staff should be noted. The agreement that would be reached at the Defense Committee, and presumably automatically approved by the Council, would be that there *was* agreement on the question of the immediate creation of German military units insofar as NATO is concerned. The precise situation existing at the close of the Defense Committee meeting could not, of course, be accurately foreseen by the Joint Chiefs of Staff in their previous considerations. It is believed that the intent of the Joint Chiefs of Staff is that the United States would support an integrated defense force in Western Europe with a Supreme Commander if proper provision were made for German participation. That is to say, the Joint Chiefs of Staff would not require full German agreement as to their collaboration before initiation of the force and its commander. Separate negotiations with the German authorities would still be necessary and could conceivably take a great length of time or even end in failure.

b. The delays in reaching a decision by the North Atlantic Treaty countries on the participation of Germany are making the situation more difficult and complex within Germany. The recent state elections have indicated a political division within the country regarding the conditions under which Germany would consent to re-arm a designated number of units. So far there has been no complete NATO proposal made to Germany, and while this will be forthcoming there has been no effective NATO action to date. Psychologically it would be a great advantage to show the Germans that we mean business by creating the force and actually naming the Supreme Commander. Whether or

not additional American units would be assigned to the force would not necessarily have to or be capable of decision at this time.

6. In order to clarify these points there is attached (Tab A) a draft statement [3] of your intentions on action to be taken at the forthcoming Defense Committee meeting. It is suggested that, if you concur, this be sent to the Joint Chiefs of Staff for consideration and if they agree that you inform the National Security Council after consultation with the Secretary of State.

[3] Not printed.

740.5/12–550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, December 5, 1950—2 p. m.

3274. Eyes only for Perkins from Spofford. Re Todep 127 and Todep 128.[1] While not yet possible fix time schedule for joint meetings of Military Committee and Deputies, and consequently for Defense Committee and possible Council meeting, we still face decision as to meeting of Council with Foreign Ministers attending.

Personally, I consider that procedure outlined Todep 128 is workable. However, I attach considerable weight to considerations which you outlined in Todep 127 as favoring meeting of Foreign Ministers and believe that events past few days have given them added importance. I am sure that European Foreign Ministers would be concerned if decisions on such important and far-reaching steps as we are about to put in hand emanated from body other than Council. In this connection, both Pleven and Schuman told me it was most important to them to have joint meeting Foreign and Defense Ministers to take final action on German question.

Furthermore, European NATO officials are obviously disturbed and nervous about Korea and Foreign Ministers will want to know anything which can be told them about prospects of solution of problem.

I realize that above considerations are of secondary importance when confronted with necessity for Secretary's presence in Washington during present most critical times. I am, therefore, inclined suggest that Council meeting be held with such Foreign Ministers as can attend.

I have not as yet fully considered the possibility which you suggest of Big Three meeting, but believe one will probably be necessary. I

[1] Not printed, but see footnote 2, p. 506.

am, of course, aware of and concerned about situation in Germany which is becoming more difficult daily.

[SPOFFORD]

740.5/12–550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT LONDON, December 5, 1950—8 p. m.

Depto 276. Following are proposed redraft of paragraph 9 and draft of new resolution 4 to deputies draft report (Depto 266 [1]). This draft resulted from working level agreement (we participated in drafting with them) between UK and Dutch and may be revised before deputies meeting tomorrow.

"9. The deputies considered a Netherlands suggestion for the appointment of a NATO high commissioner in Germany, who would have certain responsibilities with regard to all the armed forces stationed in Germany and to German participation in particular.

In the course of the ensuing exchange of views, the following suggestions were made:

The building up of an integrated force will lead to the stationing in Western Europe, and particularly in Western Germany, of army and air force units contributed by several nations, jointly placed under SHAPE. The presence of these forces, diverse as to nationality, perhaps in countries not their own, would make it desirable for practical reasons to set up a NATO authority with power to advise the national authorities and coordinate their action in certain administrative and supply questions of common interest which will not be part of the responsibility of SHAPE.

This authority might be called NATO Commissioner for the Defense of Europe. The Commissioner would be a civilian, and would be appointed by, and responsible to, the Atlantic Council, from whom he would receive the necessary directives.

The Commissioner could also act in an advisory capacity to the Allied High Commission in Germany in their supervision of the German agency or agencies entrusted with the administration of the German defense effort. When the time came for the Allied High Commission to relinquish these supervisory powers, the latter could be transferred to the NATO Commissioner, thus ensuring unbroken supervision over the German defense contribution.

The deputies agreed that these suggestions were a valuable contribution to their examination of the political aspects of a German contribution to the defense of Europe and required further study.

Suggested new recommendation 4:

(4) The deputies be authorized to continue their study of the proposals in paragraph 9 of this report."

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[1] Not printed.

Have just learned from Dutch that Burin de Rosiers did not seem unhappy with above draft [2] when it was shown to him short while ago.[3]

Sent Department Depto 276; repeated info Paris 1098, Frankfort 531.

[SPOFFORD]

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[2] It is not clear whether this draft reflected the changes made by the Council Deputies drafting committee in paragraphs 5, 6, 7, 10, 11, 12, and 13 on the morning of December 5. These changes are itemized, without comment, in Depto 272, December 5, 2 p. m.; not printed. (740.5/12–550) For final text, see Council Deputies Document D–D/196 (Final), December 9, 1950, p. 531.

[3] Spofford received the following answer from Acheson in Todep 136, December 5, not printed: ". . . we have just received ur Depto 276, Dec. 5. We cannot agree to proposed para 9. Detailed suggestions contained in paras 2 thru 5 inclusive have far-reaching implications which have not even been considered here and would require extensive study. We wld agree to first and last paras of para 9 as set forth in reftel. This would permit further study by Deps. For above reasons your suggested recommendation 4 is inappropriate and shld not be included." (740.5/12–550)

740.5/12–550 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET PRIORITY WASHINGTON, December 5, 1950—9 p. m.

3097. For Bruce and Spofford.[1] Re telecon [2] with Paris today on draft letter to Schuman. Following is a new draft (which Secretary has not yet seen) which takes into consideration your comments of today. Would appreciate soonest any further comments you may have:

"In connection with the successful termination of the London meetings, on the subject of the creation of an integrated military force for the defense of Europe, I shld like to express the satisfaction felt by my Govt in this accomplishment.

As I have said to you on more than one occasion in the past, the US has given every evidence in statements, actions, and treaties of the depth and permanence of its interest in Europe, its support for closer European association, its willingness to cooperate with Europe. That this will continue and increase, is, I am convinced, the will of the American people.

If your Govt in close consultation with the German and other European Govts who wish to participate can evolve the main outlines of a plan for bringing the free nations of Europe more closely together in the spirit so well represented by the Schuman Plan, we can reasonably hope for long term solutions of many of our problems, be they political, military or economic.

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[1] Telegram 3097 was repeated to London for Spofford as Todep 138.

[2] No transcript of the teletype conference under reference here has been found in Department of State files.

I do not need to remind you of the attitude which the Govt of the US has displayed on innumerable occasions, and in many forms, toward European integration. My Govt strongly favors it. If the European countries can work it out in a practical manner, a sound basis would be laid upon which military and economic strength can be built. A rallying point will be created around which a free and civilized Europe can muster its energies for a successful defense of its beliefs and the traditions of its history.

We know you also agree with us that it is of great importance to press forward vigorously with the strengthening of the NATO. We are convinced that the broad framework of the Atlantic Community, embracing a strong Europe, is an essential part of the free world structure and the attainment of global security under the United Nations.

We welcome your Govt's initiative in calling a conference of the interested European powers to consider how the French proposals might best be implemented. If invited to attend such a conference, the Govt of the US would be happy to send an observer or observers who will assist as may be appropriate in these important deliberations the progress of which our Govt will follow with keen interest."

FYI only. Because of Attlee's presence,[3] cld not avoid discussing matter with British. They felt they must refer matter to London because of Bevin's speech in Parliament. They promised to get us their comments tomorrow. This probably means no chance of answer reaching Paris before Thursday.

ACHESON

[3] For documentation on Prime Minister Attlee's talks with President Truman, December 4–8, see pp. 1698 ff.

740.5/12–550

The Secretary of Defense (Marshall) to the Secretary of State

SECRET WASHINGTON, December 5, 1950.

DEAR MR. SECRETARY: I refer to our previous conversation concerning the Canadian proposal for reorganization of the North Atlantic Treaty structure.[1] After looking into the matter I have concluded that we should not agree to a major reorganization of the Treaty structure at this time.

During the past fifteen months of its life the Treaty Organization has been confined to perfecting basic plans. These plans are still under negotiation and a complete blueprint for effective results from the Treaty has yet to be secured. During this "paper planning" stage the top committees of the Organization, including the Defense Committee,

[1] See D–D/169, November 17, p. 461.

have not had roles requiring continuous practical efforts and therefore their full capacity has not been explored. If there is fault in coping with NATO responsibilities I think it is not primarily because of the type of organization. Until present planning is completed and we move into an "operational" phase of the Treaty it would seem advisable to postpone any major adjustment.

As specific guidance for Mr. Spofford I recommend that the United States position should be to have a sympathetic interest in the Canadian proposal, but we deem it advisable to limit these matters to study pending the outcome of present considerations on the creation of defense forces and the attendant reorganization of the military elements in the North Atlantic Treaty Organization.

Faithfully yours, G. C. MARSHALL

740.5/12-650 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET PRIORITY NIACT WASHINGTON, December 6, 1950—8 p. m.

3122. For Bruce from Perkins. We discussed this question[1] with Brit this afternoon. They were unhappy about our sending letter but Sec made it clear that we believed it neces and desirable to send it and that we were so doing.

We are therefore prepared to send letter on assumption that this will remove last road block to Fr agreement in London, both in Deps and Mil Comite. Assume timing of release will be after announcement of agreement by Def Comite or Council, but this will be worked out by mutual agreement. Text sent last night approved with following changes.

In next to last para first sentence shld read

"We know you also agree with us that it is of primary importance to press forward vigorously with the strengthening of the NATO."

As to last paragraph we have agreed on fol text:

"We warmly welcome your Government's initiative in calling a conference of the interested Eur powers to consider how the Fr proposal for a Eur Army can best be implemented and how the suitable political institutions can be established for this further step toward Eur integration. If invited to attend such a conference, the Govt of the US wld be very happy to send an observer, or observers, and will do its best to assist in bringing its deliberations to a successful conclusion."

[1] Draft letter to Schuman quoted in telegram 3097, p. 523.

The British here are deeply concerned because they are anxious, so they say, to demonstrate solidarity with us on these matters. They do not believe they can associate themselves with the text as proposed above. But the British here feel that they could with the text which we submitted last night particularly if the first sentence of the last paragraph were changed to read

"We welcome your Government's initiative in calling a conference of the interested European powers to consider how the French proposals for a European Army might best be implemented."

We feel it important to have as much British cooperation as possible in this effort and if you could persuade the French of this and to accept this as a concluding paragraph, we believe it would be both wise and also perhaps helpful to the French in the future. If not, you are authorized to settle on the first revision stated above.

Rptd niact 2933 London for Spofford. Rptd priority 4106 Frankfort for McCloy. [Perkins.]

ACHESON

740.5/12–650 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET
NIACT

LONDON, December 6, 1950—9 p. m.
[Received 6 : 05 p. m.]

Depto 281. For Perkins from Spofford. At Dixon's request Holmes and I met with Dixon, Hoyer-Millar and Shuckburgh this afternoon at the FonOff.

After reviewing the changes in the French position during the past week Dixon said that they had received the text of the letter which we proposed to send to the French; [1] that they had not had an opportunity fully to consider it and since it raised very important "new" questions they would be unable to agree finally on the paper in the deputies this afternoon if this letter were a part of our negotiation with the French. Also since the President and the Prime Minister were meeting today the British did not feel that the deputies should take decision on the German question before the results of these talks were known. Dixon said the British would require a few days time to consider the matter further, mentioning next Monday. Holmes and I pointed out that the French letter was based upon the letter of the Secretary to Schuman,[2] of which they were given a copy last week

[1] Transmitted in telegram 3097, December 5, p. 523.
[2] For the text of this letter, see telegram 2987, November 29, p. 496.

and which merely restated our position, which was well known to all; that the only new elements in the draft letter were the definite statement that we would send observers and that the letter should be made public at an appropriate time. They may have been under the impression that the letter was to be made public immediately, but I reassured them as to my instructions on this. We took position that the delay proposed by them would be very serious, involving the further postponement of the MilCom and ministerial meetings, but that in view of the talks in Washington I would not press for a final decision this afternoon. Hoyer-Millar appeared to feel that they would work out their problem in another twenty-four hours. I asked them whether apart from any questions raised by the letter they were satisfied with the deputies' paper, as to which Dixon replied in the affirmative.[3]

[Spofford]

[3] On December 6 the Department of State cabled Spofford that it was deeply concerned by the possibility of postponement since further delay might put the final decision over into 1951. Postponement had been discussed in the meetings between President Truman and Prime Minister Attlee who recognized the importance of it. Telegram 2934 to London, not printed (740.5/12–650).

740.5/12–750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT Paris, December 7, 1950—5 p. m.

3232. Eyes only for the Secretary. Delivered to Schuman today unsigned letter embodying language Deptel 3097 with following changes;

1. Substitution word "primary" for word "great" in next to last paragraph, first sentence.

2. Last paragraph reading "we warmly welcome your government's initiative in calling a conference of the interested European powers to consider how the French proposals might best be implemented. If invited to attend such a conference, the Government of the US would be happy to send an observer or observers and will do its best to assist in bringing its deliberations to a successful conclusion." You will note in last paragraph we eliminated words "and how the suitable political institutions can be established for this further step toward European integration".[1]

Schuman expressed himself as deeply gratified above language. Will immediately notify Alphand London to go ahead but will not give Alphand text. He says he is very concerned about security of this

[1] The draft text for the last paragraph had been transmitted in telegram 3122, December 6, p. 525.

paper and will keep it in his personal possession until time comes for it to be published, which time will be set by agreement between Secretary and himself or between Spofford and Alphand. He understands perfectly that letter can only be used in event complete agreement reached in London on various aspects of subject under consideration.

Schuman expects to answer Secretary's original letter [2] tonight.

Schuman asked that I tell Secretary that in his personal opinion if conference in London successful only possibility of obtaining German cooperation German rearmament is through further European integration approach.

Sent Department 3232, repeated info London 786 (eyes only for Spofford and Holmes), Frankfort 368 (eyes only for McCloy).

BRUCE

[2] Transmitted in telegram 2987, November 29, p. 496.

740.5/12–850 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT LONDON, December 8, 1950—3 p. m.

Depto 295. Eyes only from Spofford. Concern indicated in Washington yesterday afternoon [1] over text paragraph 7(*a*) came as surprise to us. We were advised late night before that JCS approved it and were able communicate to Alphand only late yesterday morning. He personally considered it acceptable and agreed to recommend acceptance to his Government but in view long controversy on this subject, did not feel that he could definitely accept it without specific authorization. For security reasons he did not feel he could telephone text to Paris. Meeting was about to adjourn when we received Wright's message through Richardson and had adjourned when MacArthur's phone call received.[2] I accordingly summoned Alphand immediately and explained situation and urgency of final agreement. He agreed to attempt to secure it by phone.

[1] Transmitted in telegram 3129, December 7 to London, not printed (740.5/12–750), this paragraph read:

"The size of German formations to be constituted should not under present conditions exceed that of regimental combat teams or brigade groups. However, when these regimental combat teams or brigade groups are formed and trained, the question of the manner in which they should be used must be determined in the light of conditions at the time, due weight being given to the views of the Supreme Commander."

[2] Neither communication under reference here has been found in the Department of State files.

Later in evening he telephoned me that Schuman would accept our 7(*a*) on condition we accept their proposal German RCT's be attached to existing allied divisions. I told him this would be completely unacceptable, that their proposal could be discussed only in the military committee, that our 7(*a*) was not something which we wanted but something which we had gone to the furthest limit to meet their wishes and that all further progress with respect to meetings with military committee were dependent on his Government's unconditional acceptance of 7(*a*). After much telephoning he advised me Schuman accepted 7(*a*) unconditionally but wished us advised that the French Government considered it essential that some mutually satisfactory solution be found at military committee meeting to problem of disposition of RCT's during transitional period. I said we could give no commitment or indication as to what kind of solution on their proposal we might be willing to agree to but that we would advise Washington of their concern with it providing it was absolutely clear their acceptance 7(*a*) was completely unconditional. He confirmed that it was.

I have seen this morning message from General Bradley confirming request made yesterday that interpretation of 7(*a*) be cleared up on record this afternoon.

At beginning of meeting this afternoon I propose to recognize Alphand. He will say that French government accepts paragraph 7(*a*). He will follow this by statement that his Government does not envision use of German divisions to which I will reply that under paragraph 7(*a*) this is matter to be determined under circumstances existing at time, to which he will agree.

I will then state that a question of interpretation has been raised as to meaning of word "used" as it appears at end second sentence of 7(*a*) and I will make substantially following statement: "Our previous discussion of question indicates that word "used" is intended in sense of 'combined with other units' rather than in the sense of tactically employed. In other words question that must be determined in light of conditions at time is manner in which German RCT's or brigade groups should be combined into divisions or other larger formations. It is not manner in which they may be tactically employed. I understand that this interpretation is agreed upon without reservation." Alphand will confirm his statement given to me on several previous occasions that this is agreed to by French Government.

Alphand then proposes to say that his Government considers it essential that some means be found for avoiding surreptitious group-

ing of German RCT's into divisions during initial period or for preventing them from being directly attached to German Government and that his Government favors attachment of these units to existing allied formations for this purpose, stating that they will bring this matter before military commission. All I propose to say on this is to recall previous meetings agreement that this matter was to be referred to Military Commission [*Committee*] for consideration.

Will telephone as soon as this part of meeting concluded.[3]

Sent Department Depto 295. Repeated priority info Paris 1123, priority Frankfort 591.

[SPOFFORD]

[3] In his summary of the 41st meeting of the Council Deputies, in Depto 301, December 9, not printed, Spofford reported that the Deputies had approved the report with the action anticipated above (740.5/12–950).

740.5/12–850 : Telegram

The Secretary of State to the Embassy in Belgium

SECRET NIACT WASHINGTON, December 8, 1950—8 p. m.

775. Sec has considered carefully Van Zeeland's view that upon successful conclusion of the work of the NAT Deps and Mil Comite in London a meeting of the Council, at Foreign Minister level, shld be held with Def Mins present to take action on these most important matters.

Because of the uncertainty as to the exact time such mtgs might be held, it has been impossible for Sec to answer sooner. Now, however, that NAT Deps have reached basis for successful conclusion of agreement, Sec wld like to convey his views to Van Zeeland. Sec agrees completely with Van Zeeland that Council action shld be at Foreign Minister level and also that it is desirable to have the Def Ministers present. He also believes that Brussels most suitable for such a mtg. Although press of business is very heavy for Sec, in view of Far Eastern situation, he wld be glad to come to Brussels for the mtg. Because of circumstances he cld only be briefly in Brussels. Because of urgency in getting this important matter settled promptly, he suggests mtg on Dec 18 and 19. If these dates agreeable to all concerned, he wld plan to arrive the morning of 18, leaving late afternoon of 19.

With this brief period, schedule of mtgs is obviously difficult, but the fol suggestion might be feasible. A mtg of the Def Comite on the morning of the 18 if they desire to take up any business separately. A joint mtg of the Council and Def Comite Monday afternoon and a final joint mtg on Tuesday morning. The Sec believes that with the adequate preparation which is taking place in the Deps this shld provide sufficient time to complete all the neces business.

It will be impossible for Gen Marshall to leave Washington in view of situation in the Far East, but he will designate high level representative. Gen Marshall is agreed that the above outline of mtgs is desirable and will await word as to Council mtg before calling Def Comite meeting.

Although coordination has not as yet been undertaken with Bevin and Schuman (and therefore Van Zeeland shld keep this in confidence) the Sec's present view is that it wld be desirable for the three of them to have opportunity to confer together privately on approach to Germans by Occupying powers as envisaged in Deps report. We believe it important such tripartite conversations shld be after NATO discussions and therefore plan that Tuesday afternoon be free for such a mtg. Sec is sure that Van Zeeland will understand the necessity for such conversations to carry forward rapidly our common effort.[1]

Because of great interest and speculation resulting from French and Deps announcements, and because of shortage of time prior to proposed mtg, we feel it most important that announcement by Van Zeeland of decision to hold Council mtg be made rapidly, and, if at all possible, by Monday.

Rptd London 2966 for info Holmes and Spofford. Rptd Paris 3174 for info. Rptd Frankfort 4177 for info.

ACHESON

[1] On December 9 Ambassador Murphy reported that he had communicated to Van Zeeland the substance of telegram 775 and that Van Zeeland had fully concurred with all aspects of the plan. Telegram 921 from Brussels, not printed (740.5/12–950).

740.5/12–950

Report by the North Atlantic Council of Deputies on Military Committee Document MC 30

TOP SECRET

D–D/196 (Final)[1]

LONDON, December 9, 1950.

POLITICAL ASPECTS OF THE CONTRIBUTION OF GERMANY TO THE DEFENSE OF WESTERN EUROPE*

INTRODUCTORY

1. The Deputies have considered and concurred in the report of the Military Committee (MC [30]).[2]

[1] D–D/196 (Final) is a revision of D/MC–D/1, also dated December 9, not printed, which contains only a few minor textual differences.

*See para. 1 of D/MC–D/2. [Footnote in the source text. For text of D/MC–D/2, see p. 538.]

[2] Not printed. For a summary of this report, see memorandum of December 5, p. 517. MC 30 was the report from which D/MC–D/2 originated.

2. The Deputies have considered the political aspects of the question and their views and recommendations on the entire problem are set out below.

GENERAL PRINCIPLES

3. The Council has already decided that the defence of Western Europe will require the establishment of an integrated force, under centralised command and control, composed of forces made available by participating governments and also the full utilisation of manpower and productive resources available from all sources. In view of the pressing need to organise and develop the collective defence of Western Europe without delay the Deputies agreed that the appointment of the Supreme Commander at the earliest possible date was a matter of the greatest importance. The Deputies also agreed on the great importance of resolving as soon as possible all other questions involving the early establishment of the integrated force and the forces allocated to it.

4. From a political point of view, the Deputies particularly endorse the statements made in paragraphs 1 through 8 of M.C. 30, that the defence of the North Atlantic area required that Western Europe be defended as far to the East as possible; that the considerable potential of Western Germany must be denied to the enemy and secured for the North Atlantic nations; that an acceptable and realistic defence of Western Europe and the adoption of a forward strategy cannot be contemplated without active and willing German participation, and that the process of building up the total forces required must be initiated in the immediate future. Due regard must, of course, be paid to the morale of the forces of other countries participating in the integrated force.

5. In considering the political aspects of German participation in the defence of the North Atlantic area, the Deputies have agreed that the following principles are applicable:

(*a*) Any system of German participation must be within the NATO structure;

(*b*) Any system must be militarily acceptable and the units formed thereunder must be effective;

(*c*) In so far as possible, a European, rather than a narrow national spirit, should be instilled in the German contingents;

(*d*) Subject to limitations set out in the Military Committee report German units should be treated on a basis of full equality with other participating countries with which they are integrated;

(*e*) Recognising that in any system adopted some controls such as those set out in the Military Committee report will be required, the system should provide for the diminution of such controls only to the extent that permanent institutions into which Germany is integrated have been developed, or, failing the development of such institutions,

after account has been taken of the extent to which effective, positive safeguards have been established. In either event account should be taken of the extent to which the German Federal Government is cooperating in the general defence effort;

(*f*) Any system adopted should provide for the rapid formation and training of German units in accordance with the provisions of the Military Committee report;

(*g*) To make rapid progress, existing organisations and agencies should be utilized as far as possible in the initial phases, without prejudice to the development of effective permanent institutions which can assume the necessary responsibilities;

(*h*) Any system adopted should be subject to modification in the light of events.

6. After reviewing the military and political aspects of the problem the Deputies concluded that all the questions presented could not be solved at the same time. While work proceeds toward the solution of the political aspects of the problem, certain steps, upon which there already exists a large measure of agreement, can and must be taken immediately. This necessitates the use of provisional measures during a transitional period. The purpose of such a transitional period would be to permit;

(*a*) The essential preliminary work on the military organisation to be initiated immediately;

(*b*) The recruitment of German manpower, the formation of combat-worthy German units and the production of material under provisional arrangements pending development of a more permanent system; and

(*c*) The consideration of the broader political problems to be undertaken concurrently but free from the pressure attendant upon the initiation of military measures.

These provisional arrangements would be progressively superseded or modified as and to the extent that permanent mechanisms, either military or political, were developed which could effectively discharge the various responsibilities.

POLITICAL ASPECTS OF MILITARY QUESTION

7. The Deputies have agreed on the following recommendations on the political aspects of the questions in the Military Committee report:

(*a*) *Size of German formations:*

The size of German formations to be constituted should not under present conditions exceed that of regimental combat-teams or brigade groups. However, when these regimental combat-teams or brigade groups are formed and trained, the question of the manner in which they should be used must be determined in the light of conditions at the time, due weight being given to the views of the Supreme Commander.

(*b*) *Air units:*

The Deputies considered this matter in the light of the recommendations contained in the report of the Military Committee and agreed that, to the extent that military considerations require, the German contribution should be limited to appropriate air units for defence of Western Germany and support of German ground units. Such air units would be a part of the integrated air forces under the Supreme Commander.

(*c*) *Conscription or voluntary enlistment:*

In view of the possible dangers of a voluntary system as applied to German recruitment, several of the Deputies expressed a preference for conscription or some similar system. The Deputies considered that this problem should be determined by the Occupying Powers after consultation with the German authorities.

(*d*) *Contribution of German production:*

Subject to the safeguards set forth in the Military Committee report, the Deputies consider that German production should contribute to the greatest extent possible to the support of the German contribution in manpower, and to such other phases of the common defence as may be reasonable and within her capabilities. The nature and size of the contribution to be made by the German armament industry should be recommended by the appropriate agencies of NATO. Until other arrangements are adopted the safeguards on production will continue to be exercised by the occupying authorities. There must, of course, be close cooperation between them and the Defence Production Board of the NATO.

(*e*) *Plan for raising and preliminary training of German forces:*

The Deputies agree that the detailed plans for the raising and preliminary training of German forces should be made by the occupying authorities in concert with the Supreme Commander and appropriate German authorities.

(*f*) *Administration of Defence in Germany:*

The Deputies have discussed various aspects of the defence administration in Germany and agree that it should be of a civilian character and should remain subject to some system of allied control, even should the regime of occupation, be modified. During the initial period control will, of course, continue to be exercised by the Occupying Powers. The Deputies recognize that a final determination of the form and functions of the German administration must be made in conjunction with the German authorities. The permanent German administration and the form of the allied control over it will also

depend to some extent on the nature of any political defence structure which evolves in Europe and in NATO. The Deputies consider that an inter-allied administrative agency is not an acceptable substitute for a German organisation. Whether or not there should be one or more German agencies should be determined after discussions with the German authorities.

It is generally agreed that:

(i) any administration established should be capable of fulfilling its functions effectively and rapidly;
(ii) the functions to be entrusted to such administration should not be such as to permit the development of a Defence Ministry;
(iii) to ensure against the possible re-birth of a German General Staff, the functions appropriate to the plans, operations and intelligence sections of military staffs, above the level of authorised tactical units, should only be discharged by international staffs under the Supreme Commander and should not be permitted in any German agency.

The Deputies consider that the enforcement of the safeguards, as set forth in the Military Committee report, should be the responsibility of the Occupying Powers. The enforcement of those safeguards could be progressively transferred to the appropriate European or NATO agency if and to the extent that this should later be considered advisable.

POLITICAL QUESTIONS

8. The Deputies recalled that the Council in its resolution of 26th September, 1950 (C5–D/11—Final)[3] stipulated that the integrated force should be organised under the North Atlantic Treaty Organisation and be subject to political and strategic guidance exercised by the appropriate agencies of the North Atlantic Treaty.

9. The Deputies considered a Netherlands' suggestion for the appointment of a NATO High Commissioner in Germany, who would have certain responsibilities with regard to all the armed forces stationed in Germany and to German participation in particular.

In the course of the ensuing exchange of views various suggestions were made as to the nature and functions of such an authority, for example:

(*a*) The building up of an integrated force will lead to the stationing in Western Europe of army and Air Force units contributed by several nations jointly placed under S.H.A.P.E. The presence of these forces, diverse as to nationality, often in countries not their own, would make it desirable for practical reasons to set up a NATO authority with power to advise the national authorities and coordinate their

[3] For text, see Secto 55, September 26, p. 350.

action in certain administrative and supply questions of common interest which will not be part of the responsibility of S.H.A.P.E.

(*b*) This authority might be called the NATO Commissioner for the Defence of Western Europe. The Commissioner would be a civilian and would be appointed by, and responsible to, the Atlantic Council, from whom he would receive the necessary directives.

(*c*) The Commissioner would also act in an advisory capacity to the Allied High Commission in Germany in their supervision of the German Agency or Agencies entrusted with the administration of the German defence effort. When the time came for the Allied High Commission to relinquish these supervisory powers, the latter could, under arrangements to be agreed with the German Federal authorities, be transferred to the NATO High Commissioner or Representative, thus ensuring unbroken supervision over the German defence contribution.

The Deputies reached no conclusions with respect to these suggestions but agreed that they were a valuable contribution to the examination of the political aspects of a German contribution to the defence of Western Europe and that further study should be given to the nature and functions of such an authority.

10. The Deputies also considered the French proposals that there be included within the NATO framework a European Army subject to European as well as NATO political guidance. Subject to a reservation by the Portuguese Deputy, they agreed that any such institutions, if and when created, must:

(*a*) strengthen the North Atlantic Community and the integrated defence of the North Atlantic area;

(*b*) be integrated into the NATO framework;

(*c*) promote the closer association of the countries of Western Europe and tie Western Germany more firmly to the West.

11. It was felt that the creation of a European Army and attendant political institutions raised problems which required profound and mature consideration, and which could not be adequately solved in haste. If fully adequate and lasting solutions were to be found, such problems should be considered on their merits and free from the pressure of initiating military measures. Furthermore, it could not realistically be expected that these solutions, even if agreement upon them were quickly reached, could attain adequate development in time to serve as a framework for the rapid initiation of effective military strength.

12. The Deputies took note of the French Government's intention to call a conference of the countries (including the German Federal Republic) which wish to participate in a European Army. The Deputies felt that they should keep themselves informed as fully as possible of the progress of the conference and should in due time consider the recommendations made there from a NATO point of

view. It was felt that to the extent that agreement was reached by the European Powers upon such arrangements, and they were developed to the point where they could create and support effectively military forces of a European rather than a national character, suitable for integration into NATO, these arrangements should be placed progressively into operation and could then supersede the transitional arrangements. The final test of all such arrangements must be whether, in the judgment of NATO, they were militarily effective and served to strengthen the North Atlantic Community. The transitional arrangements should continue in effect until replaced either by the arrangements so agreed upon or by other arrangements adopted by the NATO in the light of experience.

13. In the view of the Deputies, consideration of these political problems must not delay the prompt initiation of those military measures upon which agreement has been reached by the Military Committee and which can be initiated forthwith. The Deputies consider that the Occupying Powers should be invited by the parties to the North Atlantic Treaty to discuss with the German Federal Government the question of German participation in Western European defence along the lines set forth in the Military Committee's report. The principles and safeguards enunciated therein and in this document should guide the Occupation Authorities. The object of these discussions should be to secure the earliest possible recruitment and training of German formations for the integrated defence force. The Deputies further considered that the Occupying Powers should be invited to keep the other parties to the North Atlantic Treaty informed as fully as possible of the course of the discussions with the German authorities.

14. It was believed that definitive solutions of the various segments of the problem raised by German participation would be facilitated by actual experience in working under provisional agreements for a period after the Supreme Commander had been appointed and in dealing with the practical problems involved in developing an integrated force for the defence of Western Europe, including German formations. The Deputies considered this a matter of primary importance for the rapid solution of both the short-term and long-term problems.

RECOMMENDATIONS

15. Since in their opinion, the report of the Military Committee together with this present document, constitutes an acceptable basis, from the political aspect, for German participation in the defence of Western Europe the Deputies therefore recommend that:

(1) The Occupying Powers be invited by the parties to the North Atlantic Treaty to discuss with the German Federal Government the

question of German participation in the defence of Western Europe along the lines set forth in the Military Committee's report and in the present document.

(2) The Occupying Powers be invited to keep the other parties to the North Atlantic Treaty informed as fully as possible of the course of the discussions with the German authorities and the steps taken to initiate German participation.

(3) The Council take note of the French Government's intention to call a conference of the countries (including the German Federal Republic) which may wish to participate in a European Army, and, in view of the importance of the French Government's proposals, the Council request the Deputies to keep themselves informed as fully as possible of the progress of the conference and in due course to consider the recommendations made at this conference from the point of view of NATO requirements. (Portuguese Reserve)

(4) The Deputies be authorised to continue their study of the suggestions made in paragraph 9 of this Report.

Conference Files : Lot 59 D 95 : CF 44

Report by the North Atlantic Military Committee

TOP SECRET COSMIC London, December 12, 1950.
D/MC–D/2 [1]

JOINT MEETING OF THE COUNCIL DEPUTIES AND THE MILITARY COMMITTEE

MILITARY ASPECTS OF GERMAN PARTICIPATION IN THE DEFENSE OF WESTERN EUROPE

Report by the Military Committee

The Need for German Participation

1. The defense of the NATO area requires that Western Europe be defended as far to the East as possible. To be fully effective such a defense must ensure that the three main fronts in Europe form a cohesive whole and are mutually supporting. This is only possible if the Western European Region adopts a forward strategy and bases its defense as close to the Iron Curtain as possible. In this way the territories of all the Continental NATO nations can be secured and the enemy denied the advantages of being able to concentrate his attack, along inside LOC's, on any one of three separate fronts.

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[1] D/MC–D/2 is the designation given the revision of MC 30 as agreed by the NATO Deputies and the Military Committee. This report was combined with D–D/196 (Final) (*supra*), and the composite document was given the designation C6–D/1, dated December 13. The joint report, C6–D/1, was approved by the Defense Committee and the NATO Council on December 18. For the U.S. Delegation minutes of the Council meeting of December 18, see USDel Min–1, p. 585.

2. The adoption of such a strategy is also essential in order that the considerable potential of Western Germany is denied to the enemy and secured for the Allies, to give depth and continuity to the ground and air defenses of Western Europe*, to honor the pledge of the tripartite forces to protect Germany, and to retain the good will of the Western Germans.

3. The greatest military threat that could confront the North Atlantic Treaty powers in Europe would be for Western Germany to be aligned with the Soviet. In Western Germany, the North Atlantic Treaty powers hold the initiative vis-à-vis Soviet influence more clearly today than at any time in the past several years. In Western Germany, this area may eventually be faced with the necessity, or desire, of coming to terms with the U.S.S.R.

4. The above considerations led the Military Committee to the conclusion that the objective must be to defend Western Europe as close to the Iron Curtain as possible.

5. It is the considered view of the Military Committee that an acceptable and realistic defense of Western Europe and the adoption of a forward strategy cannot be contemplated without active and willing German participation, and that the maintenance of the morale and the retention of the good will, resources and potential of the Western German people are militarily essential. Only in this manner will it be possible to gain the benefit of German assistance in defense of the soil of Germany, and at the same time to utilize their strength to our own advantage so that the Allies can muster the forces necessary to counter the Russian threat.

6. In addition, the Military Committee considers that any course of action selected, while not reducing in any way the scope and effectiveness of the German contribution, should also not create the impression that NATO is assuming an aggressive character. The North Atlantic Treaty Organization is and should continue to be a defensive organization.

7. Studies which have been made to date show that the twelve NATO powers alone are not likely to be able to afford to build up and maintain in peace the forces required for this task. It is equally evident that if adequate forces are not produced, the whole of the effort which is already being made may be of no avail.

8. The process of building up the total forces required must be initiated in the immediate future if there is to be a reasonable prospect of having the forces in being by the time that the threat confronting

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*Western Europe is used herein in the general sense and includes the territories of all NATO nations in Europe and Western Germany. [Footnote in the source text.]

the North Atlantic Treaty powers reaches its maximum. Decisions on the way in which the forces are to be produced can therefore not be delayed without jeopardizing the whole of the effort which is already being made.

Possible Forms of German Participation

9. The nature of a German contribution to the defense of the North Atlantic Treaty area could either be by German participation in the form of the incorporation of German units into a European defense force, or by direct German contribution of Military units to the integrated NATO defense force.†

10. The political desirability of creating a European defense force is not within the scope of the Military Committee. From the military point of view however there are *some* objections to such a form of participation. This solution might nevertheless be acceptable should it be accomplished in a way which would ensure no loss in the effectiveness of the formations and units concerned *and in the defense of Western Europe as a whole*, and provided these formations could be formed as rapidly as under any other system of German participation.

11. The military effectiveness of a composite force drawn from several nationalities, is limited by the differences which exist in language, training, tradition, tactical doctrines, pay, logistics, etc., and national as well as racial characteristics. The close coordination which is required between elements, services and formations in the conduct of combat operations, in any given area, makes it militarily necessary to minimize the above differences. It is recognized that limitations on the effectiveness of forces resulting from the above differences can be materially reduced, through intensive training and collective effort provided national units are not too small. This solution, however, will take time.

12. The national and political spirit of individual nations provides to a large degree the moral cohesion, and ideals, which motivate the efforts of armed forces. This spirit can best be inculcated in national elements fighting in the defense of their country. It does not appear to the Military Committee that there exists, as yet, in Germany the desire, or likelihood, of acceptance by the people and the troops of effective participation in formations which would have *no* national identity. This consideration alone would exclude from the military

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†Definition.

a. Integrated NATO Defense Force: A force composed of several national contributions integrated under a single unified command and in which each nation retains political and certain military controls over its own forces.

b. European Defense Force: A composite force composed of contributions by two or more nations under the political control of a European body. This force could be an element of the Integrated NATO Defense Force. [Footnote in the source text.]

point of view, the creation of small non-homogeneous units, or national contributions of too small units such as battalions. It may well be, however, that higher ideals than patriotism such as would be inspired by the defense of a particular form of civilization can enrich national ideals and act as a driving force for the fighting man.

13. Before the incorporation of German units in a European defense force could be started, it would be necessary to solve such complex problems as political control and direction, the utilization of the European defense force in peacetime, financial contributions to its cost, and a large number of similar questions, each of which will require the agreement of all NATO nations. The time required to solve the purely military problems inherent in creating a European defense force, regardless of other possible delaying factors, is such that the generation of combat worthy German units should not await solutions to these problems outlined above.

14. The aim is to obtain with the utmost dispatch formations capable of fighting effectively. To this end, the formation of small units should be started in the immediate future, and these gradually built up to units of the required size and so contribute to the ability of the Allies to ensure the defense of Western Europe. This requirement is a primary concern, and any solution which prejudices it should not be accepted.

15. If maximum military efficiency is to be obtained from the German contribution, it should be achieved by applying as far as possible the principle of collectively balanced forces.

16. From the military point of view, the largest possible contribution would be most acceptable. The magnitude of the German contribution must, however, be decided in the light of the magnitude of the Soviet threat, contemplated contributions from nations other than Germany, and the safeguards necessary to prevent the resurgence of militarism in Germany. The goal should therefore be to provide German forces as required subject always to the limitations and safeguards detailed in paragraphs 21 to 24 below. These military limits on the magnitude of the contributions should be subject to review by the North Atlantic Defence Committee and by the Council.

17. The next problem which needs to be considered is the size of German formations which should be permitted. To obtain the highest degree of military effectiveness, the maximum grouping of national formations is normally desirable, but the risk attendant on the formation of German units is such that it is considered that the minimum acceptable size of formation should be adopted as the limiting size. In determining the size of units, some consideration should also be given to the factors which would make it possible for units to be

included in formations which will act as effective "melting pots" should it be decided to create a European defence force.

18. This limiting size should be the smallest national formation in which the fighting arms, supporting arms and administrative services are welded into a single fighting formation capable of fighting a sustained major action with its own resources; it should be able to fight so independently that the soldier can be inspired by his own and his compatriots' fighting powers; and should be the smallest national formation in which the internal care and maintenance can be organised uniformly.

19. In the case of land forces, the division is the smallest national formation which fully satisfies these requirements. The regimental combat team (RCT) or brigade group, although not as effective as the division, constitutes a useful size of unit which could be accepted under present conditions, if this is judged to be desirable for political or other reasons. In this event the combat teams would ultimately be utilized for the constitution of divisions under conditions to be determined in the light of conditions at the time, due weight being given to the views of the Supreme Commander. Account should be taken of the fact that any discrimination against the Germans, which might tend to diminish the effectiveness of their units participating in the defence of Europe should be avoided. Moreover, all precautions should be taken so that during the transitional period, the German combat teams shall not be welded into larger units, nor come directly under operational command of the German Government. In this respect, there is no objection to the combat teams being attached to Allied divisions under conditions to be proposed by SHAPE.

20. The German air contribution should consist of air defence squadrons which should be trained and equipped to give support to German land formations while recognising that at the outbreak of hostilities the primary role of these air units will almost certainly be defence against enemy air attack. It is realised that this question is of such importance that full weight must be given to the political implications.

Safeguards

21. The formation of a German force must, however, be done in such a way as to ensure that Germany cannot again plunge Europe into war. Agreement to allow any German units to be formed must, therefore, be conditioned by and subject at all times to adequate safeguards. These safeguards should be political, military, and possibly economic. The Military Committee in this report is concerned only with those safeguards of a military nature. The latter will be in part positive safeguards to be applied by NATO nations, either individually or

collectively, as the situation demands, and in part negative safeguards in that they will be preventative and restrictive on Germany.

22. With regard to the positive military safeguards, these already exist and must be maintained for as long as there is a risk of Germany being a threat to the peace of Europe. The three major positive safeguards are:

a. The ability to conduct air action against Germany, whose war-making capacity is centered as far as production is concerned in a small and extremely vulnerable area, the Ruhr.

b. The grouping of the twelve NATO nations in a defensive alliance to resist aggression, whatever its source, and the maintenance by these nations of forces not only considerably in excess of those permitted to Germany, but also collectively adequate whereas Germany's if she stands alone will be unbalanced and inadequate.

c. The maintenance of Allied defensive forces on German soil.

23. With regard to the restrictive or negative safeguards, the Council has already agreed that "it would not serve the best interests of Europe or of Germany to bring into being a German national army or a German general staff." In addition, it has been agreed that any German formation will be under the authority of the Supreme Commander.

24. In furtherance of the above, all military safeguards which do not unduly delay the implementation of the program, or its military effectiveness, should be adopted. In this respect, the Military Committee would recommend the following additional safeguards:

a. The German land force contribution to any NATO defense force should, from the point of view of safeguards alone, under no circumstances be organized into solely German formations which exceed the ceiling of divisional strength.

b. The German contribution in air forces, although they must be trained for air support of German land units, should be limited to units required primarily for defense against enemy air attack and these must be a component of the air defense system under SHAPE.

c. The German contribution in naval forces should be limited to the manning and operating of mine craft, patrol craft, and harbor defense craft.

d. The rotation of individuals from the regular forces to any reserve should be controlled so as to ensure that no unforeseen or undesired expansion of German forces is possible at any time. The question as to whether enlistment will be by conscription or by voluntary methods must be considered in the light of the balance required between maintaining safeguards and insuring essential military efficiency.

e. Germany should not be allowed to contribute complete heavy armored formations. This, however, should not preclude the inclusion of the necessary armor to complete the land formations authorized.

f. German forces should not be developed to the detriment of other Allied forces, nor should they be permitted to develop at a rate or to a

degree that would constitute a threat to Allied Security. To this end, the number of German land formations should at no time exceed one-fifth of the total number of like Allied land formations allocated to and earmarked for SHAPE. Specific limits in German operational aircraft, for defense in Germany, will be as recommended from time to time by the Supreme Commander and approved by the Military Committee.

g. The occupying powers should retain general supervision of officer recruitment and should rely insofar as practicable, upon recruitment and training of new officers. Similarly, supervision should be exercised over the training of noncommissioned officers.

h. The functions appropriate to the plans, operations and intelligence sections of military staffs, above the level of authorized tactical units, should only be discharged by international staffs under the Supreme Commander and should not be permitted in any German agency.

i. German forces cannot constitute a military threat unless they possess their own sources of essential war material. Therefore, it is considered that there should remain prohibited and limited industries in Germany. Germany should not be permitted to produce heavy military equipment, military aircraft, or naval vessels other than minor defensive craft.

j. The manufacture of atomic, biological and chemical weapons, and long range missiles, should not be permitted in Germany.

k. Research and development should be limited to requirements laid down by the Military Committee, and supervision and control should be exercised by the occupying powers.

Organization and Administrative Considerations

25. The basic organization, initial training, and equipping of formations of all nations, and their logistic support and procurement functions must be primarily the responsibility of the nation concerned. From the military point of view, it would therefore be most undesirable for SHAPE, or its subordinate headquarters, to be made responsible for any administrative or logistic details of the German contribution other than those undertaken for the forces of other NATO nations. In this field SHAPE should be charged only with the coordination of the logistic support to be provided by nations.

26. The Military Committee considers that the scope and nature of an agency, or agencies, necessary for the discharge of administrative and logistic responsibilities for the forces contributed by Germany must await detailed negotiations with Germany, after the Council has considered the political aspects of the problem. The Military Committee does *not* consider, however, that these responsibilities should devolve upon SHAPE or its subordinate headquarters. The Military Committee further recommends that the equipment authorised for production in Germany for NATO forces, including German forces, be approved in each instance by the NATO Standardisation Agency.

27. From the military point of view the most desirable method of procuring equipment for German forces will be that which is the most rapid, since it will lead to the earliest possible augmentation of the common defense. Subject to the safeguards set forth above, the Military Committee considers that German production should contribute to the greatest extent possible to the support of the German contribution, and to such other phases of the common defense as may be reasonable and within her capabilities. The nature and size of the contribution required of the German armament industry should be decided in conjunction with appropriate governmental, political and production agencies. Consideration must be given to the strategic vulnerability of industry in Germany to Soviet attacks, and to its possible use against the Allies if captured, but it must be recognised that a substantial industrial contribution will be required of Germany for the defense forces of other Allied nations.

Implementing Considerations

28. The military view is that the German contribution of military units should take place at the earliest possible date. The sooner Allied forces can be augmented by this contribution, the greater will be the security of the North Atlantic Treaty area. The Military Committee recognizes that there are many technical problems which will have to be solved by the occupying powers, the Germans themselves, and North Atlantic Treaty Organization agencies. It is also understood that acceptance of a German contribution, and implementation thereof, will be dependent to a large extent on the responsible authorities arriving at an acceptable solution to these technical problems in their negotiations with the Germans.

29. The Military Committee considers that the detail plans for the raising and preliminary training of German forces should be made by the occupying military authorities in concert with the Supreme Commander and appropriate German authorities after the negotiations with the Germans have clarified the overall problems and the appropriate NATO agencies have considered the political aspects. Once the progrm has been agreed upon, every effort should be made to implement it as effectively and expeditiously as possible. The High Commissioners of the tripartite powers and their military commanders, acting in concert, should be charged with the responsibility for the supervision of German participation to the extent necessary to assure that the agreed safeguards are applied.

30. The training of German personnel will have to be accomplished in German schools and/or in schools of NATO nations. This training

in any event should be accomplished rapidly so that effective German forces can be created at the earliest possible date.

31. In developing German forces, the initial aim should be to create separately the lesser component parts of the German formations to be ultimately contributed. The size of these initial units will vary with the system adopted to bring the German contribution into being. German units will have to be utilized to constitute larger formations under SHAPE. The nature and composition of these formations cannot be finally established until the combined action of the Military Committee and Council Deputies has determined the final size of German units to be integrated into the European force in light of the considerations set forth in paragraphs 17–20 above.

32. The primary military aim is to obtain an effective German contribution at the earliest practical date. In war, and eventually in peace, divisional formations will be required. While all-German divisions would be the most effective form of contribution from the point of view of military effectiveness, contributions the size of brigade groups or RCTs could be accepted under present conditions. It is agreed that a German contribution of units less than RCTs or brigade groups, such as battalions, would present technical problems of such magnitude as to make such contributions militarily unacceptable.

33. The Military Committee therefore considers that the ultimate decision as to the use of German units to form all-German, or composite European, divisions should not be permitted to delay the immediate creation of such units up to and including the brigade group. If agreement cannot be reached on the ultimate grouping of these units at present, there is no *military* objection to postponing the final decision pending resolution of political problems, provided it is clearly recognized that agreement will have to be reached by the time sufficient brigades exist to make this necessary as in the view of the Supreme Commander.

34. A limiting factor to the speed of incorporation of German units and formations into the force for the defense of Europe, will be availability of equipment. German units should not be equipped to the detriment of other North Atlantic Treaty Organization forces. Their equipment, however, should be procured concurrently to the extent possible, and to the extent that this will not delay or reduce the matériel made available to the forces of NATO nations. The North Atlantic Treaty Organization procurement programs must therefore be augmented to the extent necessary to provide sufficient equipment for the ultimate German contribution envisioned.

35. German officers should be commissioned as required for German units, and some should also be gradually integrated into selected

posts on the international staff of the Supreme Commander and his major subordinate commands when German units are assigned. Determination of the extent of the contribution from the German officer corps to the integrated staff should await the recommendations of the Supreme Commander, and in any event should remain flexible until such time as the program for the creation of German units is worked out.

Conclusions:

36. Based upon the above analysis of the problem of a German contribution to the common defense of Western Europe, the Military Committee concludes that:

a. The defense of Europe, including Western Germany, as far to the East as possible will require a German contribution in terms of effective military units.

b. A European defense force operating as an element of an integrated NATO defense force, is militarily acceptable if its achievement, under no circumstances, would delay the contribution of Germany to the defense forces of Western Europe.

c. The only militarily practicable short term contribution by Germany would be in the form of complete German formations, with necessary supporting arms and services, for incorporation, either directly or in the form of European units, into an integrated NATO defense force. This, however, is acceptable only provided the necessary safeguards, outlined in paragraphs 21–24, are applied.

d. Military considerations alone indicate that the German contribution should be in terms of the largest practicable formations; however, the need for adequate safeguards make it advisable that the contribution be limited to the lowest completely balanced unit. In the case of land forces, the division best meets the above requirements but, under the conditions discussed in paragraphs 18 and 19, the regimental combat team or brigade group would be acceptable, under present conditions.

e. The German contribution in air forces should be limited to appropriate air units for the defense of Western Germany and for the support of German ground units. The maximum limits would be as recommended from time to time by the Supreme Commander and approved by the Military Committee.

f. The German contribution in naval forces should be limited to the manning and operation of mine craft, patrol craft, and harbour defence craft.

g. The detailed program for the development of German forces must await negotiations with Germany after the Council has considered the political aspects of the problem. In developing these forces, the initial aim should be to create separately the lesser component parts of the German formations to be contributed to the integrated force.

h. A substantial, though controlled, German industrial contribution to the Western European defence is desirable.

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Conference Files : Lot 59 D 95 : CF 44

Report by the North Atlantic Military Committee to the North Atlantic Defense Committee [1]

TOP SECRET COSMIC London, December 12, 1950.
D.C. 24/3

THE CREATION OF AN INTEGRATED EUROPEAN DEFENSE FORCE, THE ESTABLISHMENT OF A SUPREME HEADQUARTERS IN EUROPE, AND THE REORGANIZATION OF THE NATO MILITARY STRUCTURE

1. Since the inception of NATO considerable military planning has been done, but the means of converting these plans into an effective and efficient defense of the NAT area have been lacking. Existing forces are not fitted to resist a Russian offensive. They are inadequate; they are not organized, equipped, or trained for the battle they may have to fight, they are not supported by the necessary infrastructure; and they are not adequately backed by reserve formations. No means exist for welding even such national units as are now in being into a force which would provide the maximum defense capability, or for exercising unified command over any forces which might be available.

2. In order to defend Western Europe to the maximum extent practicable, national forces which are to be contributed for this purpose must be formed into a unified whole, deployed to the best possible advantage in peace consistent with "cold war" strategy and organized, trained and commanded as necessary to effectively meet a Soviet attack without warning.

3. These and similar factors led the North Atlantic Council at its meeting on 26 September 1950, to conclude—

"that the defense of Western Europe will require:
(*a*) the establishment at the earliest possible date of an integrated force under centralized command and control composed of forces made available by Governments for the defense of Western Europe;
(*b*) the full utilization of manpower and productive resources available from all sources;"

and to approve:

"the concept of an integrated force adequate to deter aggression and ensure the defense of Western Europe, including Western Germany".

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[1] The source text was an enclosure to a note by C. R. Donnelly, the Senior Secretary of the Military Committee, not printed, which explained its genesis. The report was considered and approved by the Defense and Foreign Ministers at their meeting on December 18 at Brussels and was given the Council designation C6–D/2. For the United States Delegation minutes of the meeting, see USDel Min–1, p. 585.

4. The Council agreed that the composition, organization and command of the integrated force should be based on certain principles which they set forth in Council Document C5–D/11 Final, dated 26 September 1950 (D.C. 21).[2] Concurrently the Council requested:

"That the Defense Committee consider and recommend to the Council as a matter of urgency:

a. The detailed steps necessary to establish the integrated force in accordance with the foregoing principles.

b. The powers to be exercised by the Supreme Commander in peacetime and the geographic limits within which he should exercise them.

c. The method and timing of contributions by Governments of national units in being to the integrated force.

d. The further authority, if any, which the Standing Group would require so as to ensure effective discharge of its responsibilities and also what adjustments in its organization and its present relations with the Accredited Representatives may be required to assure and improve the necessary close working relationship between the Standing Group and the member governments not represented on it.

e. The consequent changes and simplifications required in the existing military structure of the North Atlantic Treaty Organization and related military organizations.

f. The channel by which the higher direction of the integrated force as regards political considerations upon which strategic decisions should be based, can most effectively be conveyed by the Council to the military agencies of the NATO."

5. The existing structure of Regional Planning Groups no longer meets NATO defense needs in the best manner from the operational point of view, nor does it provide the most economic organization for co-ordination in the non-operational sphere. The objections to the present organization may be summarized as follows:

a. The existing partition of the North Atlantic Treaty area into Regions does not provide in every case a satisfactory division from the military operational point of view.

b. NATO has no command organization charged with the preparation of operational plans, the training and welding together of existing forces, or for controlling operations should the necessity arise.

c. Such command organizations as exist in the North Atlantic Treaty area have no direct link with NATO nor have they been given responsibility for the organization and training of such national forces as might be placed under NATO command in war.

d. The United States is not a full member of the European Planning Groups. As NATO's most powerful member, the United States should participate fully in European military organizations of the North Atlantic Treaty.

e. There is duplication of planning effort in the work at present undertaken by Regional Planning Groups.

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[2] Transmitted in Secto 55, September 26, p. 350.

f. The liaison links between the military, the production and supply, and the finance and economic bodies are not sufficiently effective.

6. For NATO defense planning there are now two distinct though related needs.

a. Inter-Allied command organizations to weld national forces into effective integrated allied commands, to make operational plans for the defense of territories and to put these plans into effect in case of emergency.

b. A strong and efficient central organization for combining and coordinating NATO military efforts in all spheres, including defense policy and strategy, the standardization of arms, the harmonization of procedure, the integration of training methods; in short, the pooling of military brains and resources.

OBJECT

7. The object of this paper is to determine what immediate re-organization of the NATO military structure is desirable:

a. To improve and expedite NATO peacetime military planning and the implementation of necessary forces;

b. To simplify the command and planning organization so that the peacetime organization is immediately adaptable to war time requirements.

8. The re-organization of the North Atlantic Treaty military structure is considered in the subsequent paragraphs under the following parts:

Part I	Military Higher Direction.
Part II	Command and Operational Planning.
Part III	Non-operational Planning and Equipping of Forces.
Part IV	The detailed steps necessary to establish the integrated force in Europe and the method and timing of national contributions.
Part V	The Powers to be exercised by the Supreme Commander Allied Powers in Europe in peacetime.
Part VI	Other Commands.
Part VII	Brussels Treaty Defence Organization.

PART I

Military Higher Direction

9. With the establishment of a Supreme Allied Commander for Europe and a NATO Command Organisation, there will be a need for a paramount body capable of giving rapid decisions on military matters. Many questions which have previously been resolved at Regional level will have to be referred to higher authority, and rapid decisions must be given in order to produce positive action. It is considered that the existing machinery of the Standing Group and the Military Com-

mittee is too unwieldy to accomplish that action satisfactorily. The North Atlantic Council has recognised this fact and agreed that:

"the Standing Group shall be responsible for higher strategic direction in areas in which combined North Atlantic Treaty forces are operating. As such, it will be the superior military body to which the Supreme Commander, and pending his appointment the Chief of Staff, will be responsible. It will also determine the military requirements of the integrated force".

10. It is considered that the most satisfactory way of establishing a military authority capable of providing rapid decisions in military strategic matters would be for the Military Committee to establish a permanent Military Representatives Committee composed of one national representative of each member of the Military Committee and to delegate more authority to the Standing Group.

11. The Military Representatives Committee should be a permanent body and should be located in Washington, D.C. The Standing Group should act as a steering and executive agency for the Military Representatives Committee. The chairman of the Standing Group should be nature requiring, therefore, the agreement of, or action by, the Military Representatives should be endowed by their National Chiefs of Staff with the necessary delegated authority to deal with matters which would in the past have come before the Military Committee, except those which because of their nature must continue to receive full Military Committee approval.

12. Matters which are not related to the higher strategic direction (COMMAND) of the NATO forces, but are of a policy and planning nature requiring, therefore, the agreement of, or action by, the Military Representatives Committee as a whole or the interested member Nations should be the subject of consultation by the Standing Group with the member nations or nation concerned. This will be accomplished by the Military Representatives Committee meeting regularly in Washington for the purpose of considering these subjects while studies are still in the preliminary stages. In this way National Chiefs of Staff can be informed of these matters and will be in a position to forward if they so wish, through their Military Representatives, any national views before reports are finalized. Close relations between the staffs of the Military Representatives and the Working Teams of the Standing Group will be necessary. To this end the Working Teams of the Standing Group will call upon the staffs of the Military Representatives as appropriate for assistance or advice during the preparation of papers which are of concern to them.

13. To enable the Standing Group to perform the command functions indicated by the Council it must be authorized to issue instruc-

tions, guidance and directions on military matters direct to the Supreme Allied Commander Europe, and to other major NATO commands which may be established later, and to exercise the necessary command functions except insofar as these are retained by the nations contributing forces to NATO integrated defense forces. The Standing Group will give consideration, if time allows, to the views of the nations concerned and in any case will keep them fully and immediately informed of the action proposed or taken.

14. The satisfactory accomplishment of the work of the military agencies of NATO requires that these agencies be kept fully informed and up-to-date on all political considerations upon which strategic decisions should be based. Normally political guidance will emanate from the Council, amplified as necessary by the Defense Committee. Neither of these agencies are, however, in continuous session and the change in political view of any of the twelve NATO nations may not become immediately available to military agencies.

15. The Military Committee therefore considers that the Council Deputies, being the only higher NATO political body which is in continuous session, should be the channel through which expeditious flow of political guidance to the military agencies is funneled. As such the Council Deputies should furnish political guidance to the Standing Group, and through them to the Military Representatives Committee, as appropriate during the time when the Defense and Military Committees are not in session.

16. It is considered that the Standing Group, upon receipt of such political guidance, should ensure its reflection in strategic direction to lower military agencies. In the event the political guidance appears militarily unacceptable, or in conflict with strategic concepts previously approved by higher NATO agencies, the Standing Group, in consultation with the Military Representatives Committee or the Military Representatives of the individual nations as appropriate, should so inform the Council Deputies and if agreement is not reached immediately report to the Military and/or Defense Committees.

17. The Council Deputies also require advice on defense matters, which should be provided on the military side by the Standing Group, in consultation with the Military Representatives Committee or the Military Representatives of individual nations as appropriate. If a military advisory group, other than the Standing Group, were to be established to provide this advice to the Council Deputies, the two views might well not be in accord. The introduction of military advisers between the Council Deputies and the Standing Group is, therefore, clearly undesirable. It is considered that the channeling of

political guidance to the Supreme Commander can only be through the Standing Group.

PART II

Command Organizations and Operational Planning

18. The North Atlantic Council has agreed that an integrated force under centralized command should be established for the defense of Europe. Since the existing Regional organization no longer meets the needs of peacetime planning, nor provides an organization adaptable to wartime requirements, it is appropriate to consider now what command structures are required in the North Atlantic Treaty area as a whole.

European Command

19. With the establishment of a Supreme Allied Commander Europe it is necessary to define the extent of responsibility of the Command and the subordinate Commands which should be set up. Initially, the Military Committee delineates the extent of responsibility as follows:

a. The European Command shall cover the area of the three European Regional Planning Groups of NATO and shall include command responsibility over all such Army, Navy and Air Forces as may be allocated to it for the defense of Western Europe.

b. The control and the defense of the zones of the interior, including French North Africa, is the direct responsibility of the National Authorities concerned, who will grant the Allied Commanders under SHAPE all facilities necessary for the efficient conduct of operations. The Supreme Commander will have authority to conduct such combat operations in these zones, including French North Africa, as he deems necessary for the defense of Western Europe.

The Supreme Commander is authorized to propose to the Military Committee through the Standing Group such modifications to the above as he may deem desirable.

20. In respect of the subordinate commands the Military Committee considers it desirable that the Supreme Commander should have an opportunity to study the problem and submit his recommendations. The preliminary views of the Military Committee are given in the succeeding paragraphs.

21. *Western Europe and Southern Europe.* The Western European Front and the Italian Front, although they together constitute the "couverture" from the Baltic to the Adriatic and very close coordination of the two is essential, will require separate command organizations to control their operations and for the preparation of detailed operational plans. Subordinate headquarters will, therefore, be required for each of these Fronts.

22. *Northern Europe.* The defense of Northern Europe is based on two separate land campaigns, in Denmark and in Norway. It is considered, however, that there would be considerable advantages in having a higher headquarters subordinate to SHAPE to coordinate operations and planning between these Danish and Norwegian Commands. An additional advantage to the setting up of this headquarters in peacetime is that it could provide the nucleus for a wartime Scandinavian command, which would be necessary in the event of Sweden joining the Allies.

23. *Recommendation on Boundaries.* Recommendations regarding the boundaries between zones of operations and the boundaries between the combat zones, the communication zones, and the zones of the interior will be submitted by the Supreme Commander for consideration by the Standing Group and further submission to the Military Committee when appropriate. Consideration should be given to agreements already reached and work done within the Regional framework.

24. The support of the Supreme Allied Commander Europe shall be one of the first responsibilities of the Naval forces of the Eastern Atlantic and of the Mediterranean.

Allied Naval Forces, Mediterranean

25. The Command for this zone is affected by the fact that the LOC's which pass through it are required to support the Western European and Italian fronts and the Middle East. A practical solution is to make a separate overall Naval Command directly responsible to the Standing Group, which is the authority responsible for coordinating the requirements of all Fronts. A system of command in the Mediterranean should be established as soon as the necessary organization has been worked out.

26. Commanders of the Zones of the Interior would be responsible for the security of ports and bases in their zones, and for the provision of the facilities as determined by the Standing Group as previously agreed to by the Governments concerned.

Atlantic Command

27. The North Atlantic Ocean Region constitutes one natural Zone of Operations. The relationship of the U.K. home station and of the Southern-North Sea and its Channel approaches in the NAT Command Structure will be determined by the Military Committee in the near future. A Supreme Allied Commander Atlantic should be appointed as soon as possible after the appointment of a Supreme Allied Commander Europe.

Canada–U.S.

28. No changes are considered necessary in the organization of the Canada–U.S. Regional Planning Group at this time.

Zones of the Interior

29. Behind each theatre of operations, the Command of which would be vested in war in the operational commanders, there will be "Zones of the Interior."

30. National governments will wish to retain direct responsibility for the home defense of their metropolitan territories. It is right that they should do so except insofar as it may be necessary to put specific areas under the operational control of Allied Commanders to insure the efficient conduct of operations.

31. The division of responsibilities between Supreme Commanders and their Subordinate Commanders on the one hand, and the National Authorities on the other hand, will be dealt with after receipt of recommendations from principal commanders concerned.

Regional Planning Groups

32. With the establishment of the above Command Organisations, there will no longer be a need for operational planning to be carried out by Regional Planning Groups, except in the Canada–U.S. Group. It is considered that the new Command Headquarters, as they are established, should take over from the appropriate Regional Planning Groups all operational planning functions. This transfer of functions should be executed as rapidly as staff and other considerations permit, in a manner which will cause minimum disruption and will ensure that the new organizations make maximum use of the work already done by the Regional Planning Groups.

PART III

Non-Operational Planning

33. If the recommendations in the preceding section of this paper are agreed, there will, it is considered, no longer be a justifiable need for Regional Planning Groups, except the Canada–U.S. Group, if some redistribution of their nonoperational planning functions and responsibilities is made. Planning of a non-operational nature, since it concerns national contributions to the integrated forces rather than the force as a whole, is not entirely within the prerogative of the Command Organization. In the main this work is already directed and coordinated by the Standing Group, and it is considered the Standing Group could with advantage assume responsibility for all planning which is not appropriate to an operational headquarters.

34. For this purpose the Standing Group will have to expand its sub-structure of Advisory and Technical Committees, many of which should now be enlarged to include representatives of all the signatory powers directly concerned. Such reorganization as is necessary presents no difficulty as the Standing Group Committees, which already exist to deal with such subjects, can readily be expanded to give wider national representation. This will eliminate the duplication which at present exists in the studies made by Regional Planning Groups and should provide the strong central organization required for the coordination of NATO military effort in all spheres.

35. Facilities for Standing Group and Military Representatives Committee liaison with the Council Deputies, the Military Production and Supply Board and the Defense Financial and Economic Committee could with advantage be improved. The Council Deputies and the permanent working staffs of the Military Production and Supply Board and the Defense Financial and Economic Committee are located in London. It is considered, therefore, that a Standing Group Liaison Secretariat in London should be established to provide a channel through which military considerations could be presented to these permanent bodies, and other working Committees as appropriate, and through which they could pass requests for military decisions or advice to the Standing Group. The Liaison Secretariat would have no power of decision but their role would be to present approved advice to the appropriate body and to pass to the Standing Group requests from other permanent bodies for military guidance.

PART IV

The Detailed Steps Necessary to Establish the Integrated Force in Europe and the Method and Timing of National Contributions

Establishment of the Integrated Force

36. The creation of an integrated force in Europe falls into three phases:

a. Phase I

The Agreement by the Military Committee, Defense Committee, and where necessary the Council, on the details of organization, command, and changes in the authority of affected NATO organizations. The Military Committee considers that agreement must now be reached on:

(1) The organization of a Supreme Headquarters Atlantic Powers in Europe (SHAPE) and after the receipt of the recommendations of the Supreme Commander, the subordinate Headquarters under SHAPE.

(2) The broad area of command, and general Nature of the responsibilities, of the Supreme Commander (SHAPE), and his relationship with National and NATO authorities.

(3) The changes in the North Atlantic Treaty Organization which must be made as a result of the creation of SHAPE, and the consequent changes in authority and responsibility of other NATO agencies, and the existing military structure which thus become desirable or necessary.

b. Phase II

When the direction of the Military and Defence Committees, on Phase I issues, have been received the Standing Group can, with the assistance of national military staffs, proceed with the physical establishment of SHAPE and its subordinate headquarters.

c. Phase III

As soon as SHAPE is organized sufficiently to assume the responsibility, the Standing Group, will invite the Governments concerned to nominate the forces they propose allocating to the integrated defense force. Upon receipt of information concerning these national contributions the Standing Group will arrange for the transfer to SHAPE of the control of the national forces nominated.

37. The Military Committee considers that a Supreme Headquarters Atlantic Powers in Europe (SHAPE) and an integrated planning staff, drawn from all nations which will have forces in the combat areas of Europe, should now be established under a Supreme Commander to provide centralized direction and coordination in this vital area.

38. In order that the organization may function efficiently and smoothly, it must from the start be kept fully in the picture as to the views of the national staffs providing the forces, and these views must always be given full consideration when decisions on operational matters are made. The channel for this co-ordination should be through liaison officers, accredited to SHAPE as representatives of their national staffs. These representatives would be attached to the headquarters, but would not be part of the integrated working staff sections.

39. The necessary major operational commands subordinate to SHAPE should also be created as soon as possible, with forces and commanders assigned. These commands will be created within the framework of Defense Committee guidance and in accordance with Military Committee instructions and will be an integral part of NATO, under the control of SHAPE. Upon the establishment of SHAPE, and as an interim arrangement until subordinate command headquarters are agreed and set up, the planning staff and other appropriate agencies of the European Regional Planning Groups should be subordinated to SHAPE.

40. The Military Committee, therefore, considers that:

a. A Supreme Headquarters Atlantic Powers in Europe (SHAPE) should be established in Europe immediately. The Supreme Commander should be a U.S. Officer and should be appointed forthwith.

He should be provided with an international integrated staff drawn from the nations that have forces assigned to SHAPE.

b. The new organization "SHAPE" should receive its directives straight from the Standing Group and not through any intermediate bodies.

c. As soon as SHAPE is set up, national liaison officers should be attached to the headquarters to act as the links between the Supreme Commander and the Chiefs of Staff of the nations which will have forces earmarked for or allocated to SHAPE.

d. The main objective of SHAPE will be to ensure that an adequate integrated NATO force is organized, equipped, trained and ready to meet effectively any Soviet attack. SHAPE's functions are further discussed in Part V.

National Contributions

41. The Military Committee considers that NATO countries should make firm commitments for national units to operate immediately under control of the Supreme Commander, and for the additional forces to be placed under his command in the event of war, in accordance with the following principles:

a. Existing national forces, not required for control and defense of the zones of the interior, and which are already declared or forecast by nations as contributions to the defense of Western Europe, should come under control of SHAPE, or in the case of reserve units be earmarked as soon as the Supreme Commander has indicated to the Standing Group that he is ready to assume control.

b. As additional forces become available in accordance with the agreed phased build-up of forces, these additional forces, when built up by each nation, should similarly be transferred to the control of SHAPE (or reserve units earmarked). The ultimate objective should be to have allocated to SHAPE all forces agreed as required for the initial defense of Western Europe.

c. National authorities retain the right, subject to consultation with the Supreme Commander, to change over units and formations stationed in Europe, and under the command of the Supreme Commander, provided that the size, composition and quality of the national contribution to the total force immediately available to the Supreme Commander remains basically unchanged.

d. Those forces not specifically allotted to the Supreme Commander, but earmarked to come under his command in war, may be changed over, provided that their strength, composition and quality remain basically unchanged.

42. The process, timing and detailed conditions, of the transfer of control for national units to operate immediately under control of the Supreme Commander, and the earmarking of additional forces to be placed under his command in the event of war, should be subject to negotiations between the Standing Group and the Supreme Commander and/or the appropriate National Authorities.

PART V

The Powers to be Exercised by the Supreme Commander Allied Powers in Europe in Peacetime

43. The Military Committee considers that the main function in peacetime of the Supreme Commander should be to ensure that, if an emergency comes, the NATO forces made available by nations for the defense of Western Europe will be organized, equipped, trained and ready to implement agreed war plans. Since a Supreme Commander's peacetime functions are in effect only a prelude to his full wartime responsibility for the defense of his area of command, his peacetime responsibilities will in brief include:

a. The organization and training of national units allocated to his command into an effective integrated force.

b. The preparation of plans for the execution of his assigned missions, and their coordination with other NATO or national plans.

c. Recommendation to the Standing Group and to National Commanders, on deployment of forces infrastructure, training standards, adequacy of forces, etc., and such other military matters as will affect his ability to discharge his war, or peacetime, mission.

d. Proposing to the Standing Group any increase, elimination or reorganization of subordinate planning and command organizations which he considers necessary.

e. The establishment of an efficient organization which will be the nucleus for expansion in war for the control of the battle for the defense of Europe.

44. To execute the peacetime functions detailed above, the Supreme Commander should be given:

a. Direct control over the higher training of all national forces allocated to SHAPE in peacetime. Furthermore, he should be given facilities by nations to inspect the training of those cadre and other forces earmarked for SHAPE on the outbreak of war but which are not under his control in peace. The details of such inspections of training will be worked out by the Military Liaison Officers referred to in paragraph 37 above after consultation with the Supreme Commander.

b. Such authority as is necessary to ensure that National forces allocated to SHAPE are properly organised and trained into one effective force. To this end he should be authorized direct access to the National Chiefs of Staff. Should there be any shortcomings in the efficiency or training of National forces earmarked for, but not under SHAPE, they should be represented by him to the National Chiefs of Staff with information to the Standing Group.

c. Authority to communicate with National Chiefs of Staff, and with their respective Defense Ministers, and the heads of government, directly as necessary to facilitate the accomplishment of his mission.

d. Authority to make recommendations direct to National Chiefs of Staff on the peacetime deployment of National forces placed, or to

be placed, under his control, and on logistic and administrative matters affecting the efficiency or readiness of these forces.

It is recognized that National Authorities, when considering recommendations from the Supreme Commander, will act in accordance with their respective constitutions and established parliamentary procedures. It is further recognized that the Supreme Commander may delegate to his major subordinate commanders, such authority as may be necessary for the discharge of his responsibilities.

45. Recommended Terms of Reference for The Supreme Commander are given at Appendix.

PART VI

Other Commands

46. Action in consonance with that outlined in Parts IV and V above should be taken when the Atlantic Command is established, and when a command system has been worked out for the Mediterranean and this Command established.

PART VII

Brussels Treaty Defense Organization

47. With the establishment of a NATO Command Organization in Europe and the dissolution of the existing European Regional Planning Groups, with their Regional Chiefs of Staff and Principal Staff Officers' Committees, it is suggested the Brussels Treaty Powers should consider whether it is necessary for them to retain their own defense organization. It is apparent that when the NATO command organization is established it will be unnecessary and undesirable to have a parallel Western Union Command. In forming his staff, it is suggested that the Supreme Commander, when appointed, should discuss with Brussels Treaty Powers arrangements for use of personnel now in organizations under Western Union.

48. If the Brussels Treaty Powers agree that the Western Union Defense Organization should cease to exist as such, this will not prevent Chiefs of Staff or Defense Ministers meeting should they wish to do so to consider matters of mutual interest. It is considered, however, that the new headquarters suggested for Western Europe should be directly under SHAPE and should not be responsible to the Western Union Defense Committee.

Conclusions

49. The proposals in this report can be summarized as follows:

a. The existing Northern, Western and Southern European, and North Atlantic Ocean Regional Planning Organizations should cease to exist, when their functions have been absorbed by commands

established now or at a later date, and by the Standing Group acting in consultation with the Military Representatives Committee.

b. The following Integrated Allied Commands should be established:

(1) Supreme Allied Commander Europe (now) with subordinate commands to be determined after receipt of his recommendations.

(2) A system of command in the Mediterranean as soon as the necessary organization has been worked out.

(3) Supreme Allied Commander Atlantic as soon as possible after the appointment of the Supreme Allied Commander Europe.

c. The several commands, or planning headquarters, as they become established, should be charged with the development of operational plans and the training and organization of the forces allocated by nations to the integrated Allied Forces for the common defense of the areas.

d. These commands should be directly under the Standing Group.

e. As agreed by the North Atlantic Council the Standing Group shall be responsible for higher strategic direction (command) in areas in which combined North Atlantic Treaty forces are operating. As such, it will be the superior military body to which Supreme Allied Commander, Europe, and other major NATO Commanders who may be appointed later will be responsible. It will also determine the military requirements of the integrated forces.

f. The Military Committee should establish a Military Representatives Committee. This Committee should be a permanent body and should be located in Washington, D.C. The Standing Group should act as a steering and executive agency for the Military Representatives Committee. The Chairman of the Standing Group should be the Chairman of the Military Representatives Committee. The Military Representatives should be endowed by their national Chiefs of Staff with the necessary delegated authority to deal with matters which would in the past have come before the Military Committee, except these which because of their nature must continue to receive full Military Committee approval.

g. The Standing Group, and through them the Military Representatives Committee, should receive from the North Atlantic Council Deputies guidance as regards political considerations upon which strategic decisions should be based.

h. The Standing Group, acting in consultation with the Military Representatives Committee, should undertake at appropriate times those functions which are at present carried out by Regional Planning Groups and which are not appropriate to the commands to be established. For this purpose the existing Standing Group sub-structure of Advisory and Technical Committees should be expanded and certain of them will have to permit a representation by all signatory powers.

i. A small Standing Group Liaison Secretariat should be established in London for liaison with the Council Deputies, the MPSB, and the DFEC, and other working Committees as appropriate.

j. The Defence Committee should suggest to the Western Union Defence Organisation that it review, as soon as possible, its status in

the light of the establishment of overall North Atlantic Treaty Command Organisation.

Recommendations

50. It is recommended that the Defence Committee:

a. Approve this report.

b. Forward this report to the North Atlantic Council in reply to their request contained in Council Document C5–D/11 (Final) (D.C. 21).

c. Direct the Standing Group to promulgate the Terms of Reference at Appendix when the Supreme Commander Atlantic Powers in Europe is designated.

Appendix

TERMS OF REFERENCE OF THE SUPREME COMMANDER ATLANTIC POWERS IN EUROPE

Commander.

1. A Supreme Commander Atlantic Powers Europe is hereby designated. His command will be established in a Supreme Headquarters (SHAPE). The Supreme Commander shall have an integrated staff composed of appropriate officers drawn from all nations contributing to the forces in his area of command.

Area.

2. The command area of SHAPE, and his major subordinate commanders, will be defined from time to time by responsible authority. Initially the area of SHAPE is delineated as follows:

a. The European Command shall cover the area of the three European Regional Planning Groups of NATO and shall include Command responsibility over all such Army, Navy and Air Forces as may be allocated to it for the defence of Western Europe.

b. The control and the defence of the zones of the interior, including French North Africa, is the direct responsibility of the National Authorities concerned, who will grant the Allied Commanders under SHAPE all facilities necessary for the efficient conduct of operations. The Supreme Commander shall have authority to conduct such combat operations in these zones, including French North Africa, as he deems necessary for the defence of Western Europe.

The Supreme Commander is authorised to propose to the Standing Group such modifications to the above as he may deem desirable.

Powers in War.

3. The powers of the Supreme Commander in war will be as agreed by the Atlantic Council Resolution, C5–D/11 (Final), "He will exercise the full powers of a Supreme Commander in the event of war." It is contemplated that these powers will be confined to operations and

training. These powers will later be defined in greater detail by the Defence Committee after consulting the Military Committee.

Powers in Peace.

4. The main function in peacetime of the Supreme Commander is to ensure that, if an emergency comes, the NATO forces made available by nations for the defence of Western Europe will be organised, equipped, trained and ready to implement agreed war plans. Since a Supreme Commander's peacetime functions are in effect only a prelude to his wartime responsibility for the defence of his area of command, the Standing Group has set forth (for Military Committee approval) the necessary overall statement of his directive and responsibilities in M.C. 22/2.[3] Based thereon, the Supreme Commander's peacetime responsibilities in brief include:—

a. The organisation and training of national units allocated to his command into an effective integrated force.

b. The preparation of plans for the execution of his assigned missions, and their coordination with other NATO or national plans.

c. Recommendations, to the Standing Group, and to National Commanders on deployment of forces, infrastructure, training standards, adequacy of forces, etc., and such other military matters as will affect his ability to discharge his war, or peacetime, mission.

d. Proposing to the Standing Group any increase, elimination or reorganisation of subordinate planning and command organisations which he considers necessary.

e. The establishment of an efficient organisation which will be the nucleus for expansion in war for the control of the battle for the defence of Europe.

5. To execute the peacetime functions detailed above, the Supreme Commander will have:—

a. Direct control over the higher training of all national forces allocated to SHAPE in peacetime. Furthermore, he should be given facilities by Nations to inspect the training of these cadre and other forces earmarked for his command on the outbreak of war but which are not under his control in peace.

b. Such authority as is necessary to ensure that National forces allocated to SHAPE are properly organised and trained into one effective force. To this end he is authorised direct access to National Chiefs of Staff. Should there be any shortcomings in the efficiency or training of National forces earmarked for, but not under his command, they should be represented by him to the National Authorities with information to the Standing Group.

c. Authority to communicate with National Chiefs of Staff, and with their respective Defence Ministers, and Heads of Government, directly as necessary to facilitate the accomplishment of his mission.

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[3] Not found in Department of State files.

d. Authority to make recommendations direct to National Chiefs of Staff on the peacetime deployment of National forces placed, or to be placed, under his control, and on logistic and administrative matters affecting the efficiency or readiness of these forces.

It is recognised that the Supreme Commander may delegate to his major subordinate commanders, such authority as may be necessary for the discharge of his responsibilities.

6. The responsibility for logistic support to national component forces will, in general, remain with the responsible authorities of the nations concerned. The responsibility for co-ordination will, however, rest with the Supreme Commander, and with his major subordinate Commanders at the appropriate levels.

7. The Supreme Commander is empowered to propose to the Standing Group, for its review and further submission to the Military Committee and Defence Committee, such modification of these terms of reference as he may deem desirable.

740.5/12–1250 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, December 12, 1950—11 a. m.

Depto 312. 41st meeting NAC deputies.

1. Deputies accepted draft terms of reference DPB [1] with little comment. Chair proposed that deputies approve establishment of DPB and terms of reference and ask Defense Committee to note, and, if Defense Committee approves, to notify chairman of deputies who will notify governments and ask for nominations to board. Chair reiterated US position that, if procedure he proposed should result in materially delaying formation board, US prepared reconsider. Deputies adopted chair's proposed procedure.

2. Canadian deputy introduced paper on North Atlantic reorganization [2] with statement it contained various elements and should not be considered single package. Essence of Canadian recommendation was Council of Governments rather than Council of Foreign Ministers heading NATO structure. Required no change in treaty. Article IX did not state how government should be represented on Council or who should constitute Defense Committee. Present structure appro-

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[1] A copy of the draft under reference here, D–D/205, "Draft Terms of Reference for the Defense Production Board," dated December 7, not printed, is in the S/ISA Files : Lot 52–26 : WG–Def Prod Brd.

[2] Presumably a reference to D–D/169, "North Atlantic Reorganization," dated November 17, p. 461.

priate when NATO primarily engaged in drawing up plans. Now in stage where daily decisions necessary. Council must be main directing body. NATO questions could not be departmentalized and there should not be three ministerial bodies. Governments should send to Council representatives appropriate to matters under discussion. Might consist of one or three Ministers who could split into subcommittees after plenary session. Anticipated that most meetings Council be attended by Foreign and Defense Ministers. At present Defense Committee and Finance Committee handicap to efficiency and provide excuse for delay. Under Canadian proposal members of Military Committee would get guidance from their Defense Ministers who would sit on highest body. Deputies should not have to obtain views of Defense or Finance Ministers but questions should be resolved within governments and deputy representatives express government view. Requested deputies to concentrate discussion on main idea of Council of Governments.

3. French deputy prepared to recommend fundamentals of Canadian proposal to his government. Minor details of paper should be brought up to date to take account of reorganization already agreed to in military, production and finance fields. UK deputy stated he represented UK Government, including several Ministries. Although he did not yet have full ministerial clearance, he believed UK would warmly support amalgamation. Stressed one point of UK difference with Canadian proposal. UK did not think Standing Group should be responsible to deputies. Should be responsible to Council as such. Agreed particularly that existing Secretariat for Council should be strengthened. In view of new committees being formed, there existed urgent need for centralized common Secretariat to serve all. Would like to see reorganization discussed at Brussels.[3]

4. Netherlands felt it not necessary to change name of Council. Foreign Ministers could be assisted or replaced by others as necessary. Standing Group relationship to directing body could not be effective if Council met only every three months and Standing Group was responsible to no one in the interval. Necessary that civilian body such as deputies be responsible not only for political guidance but for direction in broad sense. Was not speaking of technical military matters but over-all supervision and guidance same as government of a nation gave its military authorities. NATO military authorities must have civilian supervision at all times. Canada at this point expressed agree-

[3] In telegram Todep 151, December 13, not printed, Spofford was advised that time was probably inadequate to prepare for discussion of such major proposals at the next meetings at Brussels in December, even if there were time for such discussion during the meetings. Spofford was urged to seek agreement that the subject be postponed until it could be discussed thoroughly at early meetings of the Council Deputies after the Council meeting. (740.5/12–1150)

ment with Netherlands and UK deputies. UK pointed out that Netherlands position might raise question of composition of deputies. Stated Standing Group does not act as individuals. Treaty (*sic*) had entrusted military operations to three countries. This must be accepted. Norway strongly disagreed. Felt that absolutely necessary to provide safeguards of civilian control on day to day basis. Agreed with Netherlands position. Raised question of Standing Group liaison to deputies provided in MC 25/3.[4] Felt this a very feeble link and some civilian governmental representation necessary in Washington so governments would know what military were doing. Re subordinate NATO bodies; each should retain national representation so that views of all 12 nations could be expressed at an early stage on all questions. Other deputies expressed general accord with spirit and scope of Canadian proposal but not prepared to give firm governmental views.

5. Chair stated not prepared to express US views on top organization. Apparent that Canadian paper involved consideration basic relationship between civilian and military bodies of NATO. Recommended adjourning discussion until Wednesday and deciding then whether or not to put matter on agenda for forthcoming Council meeting. UK pointed out that Canadian proposal really involved five parts: (1) ministerial level; (2) power of deputies; (3) subsidiary organizations; (4) relationship with the military bodies; and (5) Secretariat. Suggested that redraft for Council consideration eliminate all but main question. Deputies agreed this to be necessary before Council consideration and agreed to consider question again Wednesday.

[Here follow four paragraphs concerning cost estimates of the MTDP, the provisional agenda of the December meeting of the NAT Council, and the agenda of the December 13 meeting of the Council Deputies.]

[Spofford]

[4] Not identified in Department of State files.

740.5/12–1350 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY London, December 13, 1950—7 p. m.

Depto 322. 1. Joint meeting Deputies and Military Committee today approved reports of both bodies on German participation [1] without

[1] Reference here is to Council Deputies Document D/MC–D/1 (see D–D/196 (Final) printed p. 531), and Military Committee Document MC 30 (D/MC–D2), p. 538.

substantive controversy and with only slight verbal changes designed to make papers conform to each other.

2. Spofford and Sherman [2] acted as co-chairmen. Military paper considered first. Belgium reiterated opposition creation German air force, but had no objection to approval of paper. Following had been added to paragraph 19 to meet French point on RCT: "All precautions should be taken so that during the transitional period, the German combat teams shall not be welded into larger units, nor come directly under operational command of the German government. In this respect, there is no objection to the combat teams being attached to Allied divisions under conditions to be proposed by SHAPE." UK requested France to confirm acceptance this wording. France stated in all likelihood wording would be accepted by his government.

3. In consideration of Deputies' document Portugal pointed out that Portuguese reservation indicated in paragraph 10 Deputies' document applied equally to paragraph 15 (3). Belgium raised question of what procedure would be undertaken in case negotiations between Occupying Powers and German authorities were unsuccessful and agreements reached in two documents under consideration require modification. Chair explained any modification must be undertaken by appropriate bodies in light of circumstances at time. Documents purposely left way open for such procedure.

4. US proposed draft for cover joint report adopted as follows: "Joint report on German participation in defense of Western Europe by North Atlantic Council Deputies and Military Committee to North Atlantic Council and Defense Committee.

NAC Deputies and Military Committee, at request of Defense Committee, have considered respectively political aspects and military aspects of German contribution to defense of Western Europe.

Reports on political and military aspects of this problem are attached (D/MC–D/1 [3] and D/MC–D/2 [4]). Council Deputies and Military committee considered these reports in joint session and concurred in them.

Deputies and Military Committee recommend that attached reports be approved and action taken in accordance with conclusions and recommendations therein."

5. Joint communiqué cabled separately.[5]

6. During discussion of draft communiqué sentence stressing peaceful basis of proposal deleted at French request on grounds such state-

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[2] Adm. Forrest P. Sherman, Chief of Naval Operations, was serving as the Acting U.S. Representative on the Standing Group.

[3] D/MC–D/1 is the same as D–D/196 (Final), p. 531, except for a few textual differences.

[4] Dated December 12, p. 538.

[5] The text of the communiqué, released to the press on December 13, was transmitted in Depto 321 from London, December 13, not printed (740.5/12–1351).

ments more appropriate from Ministers. UK and France also sought deletion of reference to basis for discussions with Germans allegedly on same ground. Reference retained at insistence US.

Sent priority Department Depto 322, repeated information priority Paris 1160 (for Embassy and OSR), priority Frankfort 627 (Frankfort pass Heidelberg for Handy as 114, and Wiesbaden for Cannon as 135), Brussels 171 (Brussels pass Luxembourg as 46), Copenhagen 130, The Hague 187, Lisbon 93, Oslo 113, Ottawa 60, Reykjavik 19, Rome 235.

[Spofford]

740.5/12–1450 : Telegram

Memorandum by Miss Barbara Evans, Personal Assistant to the Secretary of State

SECRET [Washington,] December 14, 1950.

Secretary Acheson called Secretary Pace and said that he had looked over the question of leaving for Brussels on Saturday as Mr. Pace had suggested and found that he was not going to be able to do that. Mr. Pace said that was perfectly satisfactory with him. Mr. Acheson said that they would have Mr. Achilles in Brussels to be ready with everything from London that Mr. Pace would need. Mr. Acheson said McCloy and Spofford would be in Brussels. Ambassador Bruce probably would not be there, but the Secretary pointed out that Ambassador Bruce had not been in very close touch with this matter.

Mr. Pace said that he understood that he had Mr. Acheson's proposed closing statement which he thought would be of major importance and he would look it over and have his views by the time that they got together at four o'clock tomorrow. At that time he would want to talk with Mr. Acheson about the sort of opening statement he (Mr. Pace) should make before the Defense Ministers, particularly in view of the statement which the President is currently planning to make on Friday night.

They discussed the timing of the meeting and Mr. Acheson said he thought that Pace could plan to be free Tuesday afternoon to go on to Frankfurt to meet with some of his commanders there.

Mr. Pace said that Admiral Sherman and General Gruenther [1] are returning this afternoon and will be in a position to tell the Joint Chiefs of Staff what has been accomplished at the military meeting.

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[1] Lt. Gen. Alfred M. Gruenther, Deputy Chief of Staff for Plans, United States Army. From December 10, 1950 to April 1, 1951, he was Chief of Staff, SHAPE Advance Planning Group.

He said at the same time it was his understanding that General Eisenhower would be down to discuss the terms of reference and we can get his views on what he thinks about what has been done and whether in his judgment something else must still be done. Pace said he understood from Gruenther that there would be a great deal of pressure in Brussels to announce the appointment of General Eisenhower during the meeting, and he would want to find out from Eisenhower his general attitude on the announcement and on the restrictions which were placed on him.

Mr. Pace said that before four o'clock tomorrow afternoon he should be able to have General Eisenhower's views as to the legal and political advantages or disadvantages of moving slowly or with rapidity.

The Secretary then had quite a long discussion with Secretary Pace about the question which he has turned over to Mr. Fisher [2] as to just exactly what powers in connection with this matter the representatives of the various governments at Brussels will have. Mr. Acheson said that it was quite clear to him that it was impossible for Mr. Schuman, Mr. Bevin, himself, and the others who will be meeting at Brussels to appoint General Eisenhowever to anything. They will not have the authority to appoint anybody. That power probably resides only in the President. He mentioned the article in the North Atlantic Treaty which says that there shall be a council which will appoint various committees including the defense committee; that this council has the power to recommend to governments implementing steps which shall be taken; therefore the Secretary thought that the essence of what would be accomplished at Brussels would be that the Governments would recommend the appointment of a Supreme Commander and possibly who he should be. The Secretary thought this would constitute a request to the President of the United States to designate a distinguished officer under his command to be the Supreme Commander.

It is possible that the Governments could accept this recommendation. On the other recommendations which would come out of the Brussels meeting, such as ratification of medium term plans and other defense papers which include the matter of troops, it is probable that the Governments cannot accept the terms of the specific regiments, etc.* The Secretary said that he thought that there was some discussion as to just exactly what level recommendations as to the size of the troop requirements from each country, had been passed on. However, Mr. Acheson said that regardless of whether this had been at

[2] Adrian S. Fisher, Legal Adviser in the Department of State.

*That requires governmental action. [Footnote in the source text.]

the military level, all that we have is a recommendation on the minimum forces necessary for the defense of Europe and the numbers that the various countries should contribute. There is a gap between what they contribute and what should be contributed. In relation to material contributions which have been agreed upon, they are not even in existence in many cases. It is therefore up to the countries to act in order to implement the recommendations of the various NAT organizations. Mr. Pace agreed that this gap between the NAT organization recommendations and performance by the countries of the recommendations was due to the fact that there was no force upon the countries individually to implement the recommendations.

Mr. Pace said, however, that he thought that so far as this involved the appointment of the Supreme Commander before actual troops and matériel were in being, there had been a change of thinking. He pointed out that he thought there was agreement throughout this Government at least that, instead of waiting until there was something to command before appointing the Supreme Commander, we should look upon the Commander actually as a recruiter and that there should no longer be the requirement to his appointment that the contributions should be made before the appointment. Mr. Acheson agreed that this was probably so. He was not trying to raise this matter as a difficulty. He thought probably we were in a position of having to accept the appointment of the commander who would then go over and try to push through the contributions. What he did have in mind was that the Government representatives at Brussels would have no power of appointment but must come back to the President. He and Mr. Pace agreed that they would probably have as much of a commitment that the countries will make the contributions as it is possible to get before the Supreme Commander's appointment, but General Eisenhowever should understand this and have these limitations clearly in mind.

The Secretary said that he was aware that the situation in Europe was getting more and more critical every minute. There was a great deal of weakness in France and he thought that General Eisenhower, who had great confidence in French morale, would be the one who could put heart into the French. He had come to the conclusion that any further efforts to negotiate might make the whole thing go to pieces.

Secretary Pace said that by four o'clock tomorrow he would be prepared to talk with all these things in mind. He would have General Collins with him, perhaps General Gruenther and perhaps General Eisenhower. The Secretary said that if General Eisenhower were to be in the meeting, he thought in order to avoid possible ex-

citement it would be wise if he came over to the Pentagon rather than have the meeting here in his office.

740.5/12–1450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, December 14, 1950—8 p. m.

3414. Eyes only for the Secretary from Bruce. We do not know of course Department's thinking on importance and significance of Brussels meeting but from certain indications we have impression that it is regarded primarily as a meeting required under NAT procedures merely to confirm compromise agreement re German contribution worked out by deputies and Military Committee. We are increasingly of opinion that Brussels meeting will involve a good deal more than a mere *pro forma* confirmation of the agreement on Germany and may well open up some very fundamental questions concerning European rearmament and particularly the timing of implementation of German agreement and you should therefore be prepared for some such development.

There has recently been circulating in Paris an increased feeling of concern in regard to possible "provocation" of Soviet Union by a decision on immediate implementation of German rearmament question. We have received this in private on several occasions from officials of FonOff and it came out but not from him in Schuman's recent debate on German question in FonAff commission of Assembly (Re-Embtel 3394 December 14 [*13*]),[1] and had been given publicity in a Paris newsletter widely distributed in official and diplomatic channels.

Walter Lippmann's [2] articles have thus fallen on very fertile ground and have been frequently cited by French officials and private citizens. The main line of this thesis is that the Soviet Government has already put the west on notice that it does not intend to accept the rearmament of Germany and that the prospect of the eventual combination of a German army plus US air power and production might lead Russians to make some military move to break up this process before it comes to fruition. Such statements from French officials are always coupled with an expression of determination not to recede from the decision reached re Germany but there is usually implicit a certain hesitancy in regard to actually putting this decision into immediate effect. The

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[1] Not printed.

[2] American editor, author, and special news correspondent for the New York *Herald-Tribune*.

danger of this attitude is clear and whenever the subject has come up we have made the obvious answer of the mortal danger of yielding to Soviet blackmail. While I do not believe that French Government can or will endeavor to go back on its agreement, I think the problem may arise when we receive the Soviet answer to our note re four-power talks.[3] Should, as we must anticipate, the Soviet reply indicate a willingness to discuss all questions desired by the three powers provided that no action is taken re German rearmament in the interim, I believe we would be confronted with a sharp division of opinion between US and our other two partners, particularly French, but possibly also British.

The Communists throughout Europe are devoting a major propaganda effort to whip up popular feeling, particularly here, against the German rearmament question and while we see no grounds for believing that this question alone would cause the Russians to start World War III, nevertheless, we should recognize that they are vigorously and possibly successfully exploiting the political advantages of division and fear which this question affords.

The only purpose of this telegram is to inform you of the possibility that some variation of this subject, i. e., delay in implementation of German decision because of possible CFM, may well arise in Brussels and we should be prepared to meet it vigorously and effectively.

BRUCE

[3] Documentation on the exchange of notes between the Soviet Union and the three Western Powers in November and December of 1950 is included in materials on Germany, scheduled for publication in volume IV.

740.5/12–1450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT LONDON, December 14, 1950—9 p. m.

Depto 337. Personal for Secretary from Spofford. We have today telegraphed position papers on each item on Council agenda. I believe you can count on short meetings without serious controversy. Not being in chair will also make meetings somewhat easier for you. I nevertheless wish to give you in this message brief indication of controversies which might be reflected in discussion and status of each.

1. Primary one is basic difference between French attitude toward Germany and particularly German participation in defense and that of other countries. While French have accepted MilCom and deputies report unconditionally their whole approach continues different from rest of us. I do not think this will cause any overt difficulty at meeting

but may cause difficulty in tripartite meeting December 19 [1] and in future discussions with Germans looking to implementing these agreements.

2. Ultimate size of German units. While French military substantially agree with other military that there must eventually be German division there is as yet no meeting of minds between French Government and other governments on this point. They understand that we contemplate eventual German divisions and we recognize their desire to constitute "European" divisions. Both sides have agreed to postpone decision.

3. Disposition of German units during transitional period. French have insisted that satisfactory solution of this question, preferably by attaching them to existing Allied units, was condition to their acceptance of whole compromise. Alphand stated yesterday that he believed language in MilCom report (Depto 322) [2] would be acceptable to his government.

4. European Army. I have cabled separately my belief that we can successfully bring together conflicting French, German and other European policies only by seeking constantly to influence them all to concentrate on basic common need for developing maximum strength and unity in shortest period in framework of North Atlantic community. I do not know whether any FonMins plan to discuss French proposal at Council meeting but if it does come up I would suggest you make short statement along this line and attempt to discourage discussion at this meeting.

5. Reorganization of standing group. Countries not on SG have shown strong feeling MilCom that they should be consulted more fully and at earlier stages by SG and thereby given greater opportunity to influence its decisions. This has been reflected in deputies by emphasis on need for SG to be subject to continuing political guidance from deputies. MilCom agreed this question should be studied further for report to next meeting of MilCom perhaps three months hence.

6. Canadian reorganization proposal.[3] Canadians are being thoroughly cooperative in not pushing for action at this time and have agreed that Council should merely endorse proposal's objectives and recommend further study.

[Spofford]

[1] Report on the tripartite Foreign Ministers meeting on December 19, at Brussels, is scheduled for publication in volume IV.

[2] Dated December 13, p. 566.

[3] See D–D/169, p. 461.

740.5/12–1450 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET NIACT London, December 14, 1951—midnight.

Depto 342. During forthcoming period of discussions with Germans and Paris conference on European army we will face problem of rec-

onciling several sharply divergent points of view, primarily French, German and British. To do so successfully will require US leadership in bringing all governments concerned to concentrate on overriding common interests as opposed to national considerations.

In broadest terms this means developing maximum collective strength of NAT countries plus Germany in shortest possible time and maintaining maximum unity of purpose. Each of the governments concerned has some broad basic interest, with need for maximum US participation in common defense effort, a major element.

We are committed support French desire, which Germans apparently share to some extent, to develop closer integration of continental countries provided it is within broader and stronger framework of Atlantic community, which finds its expression in NATO. It is to our advantage as well as to that of western Europeans and other NAT countries to utilize this desire for European integration to maximum provided that it is done in such manner as to further our common basic objectives. It seems to me that emphasis on common basic objectives is key to reconciling attitude of British and other Europeans who regard French proposals with skepticism and prefer integral development of NAT community.

In talking to our military now here I gather that they do not altogether exclude the possibility of development of some form of European "army" which could be effectively integrated into NAT European defense force, provided "army" is used in limited military sense and composed of national divisions. They are, however, skeptical of ability of Europeans to develop within time estimated to be available international arrangements for logistic and administrative support which would be nearly as effective as national arrangements which are national responsibility. If this could be done, they apparently would not worry greatly over what political superstructures were involved provided it would not in any way interfere with Supreme Commander's authority. Other military, including French, still appear skeptical as to military realism of European army but their view might change if realistic and militarily sound plan were developed.

It is with respect to political superstructure that most Europeans here appear disturbed. On this I believe we would make (serious) mistake if we attempted to blueprint details, rather we should feel our way and leave initiative to Europeans, utilizing our influence primarily to bring them together on basic common objectives. If we can do this successfully, it should ensure that result fits satisfactorily into NA framework and in no way detracts from military effectiveness of NAT integrated force or authority of Supreme Commander.

Sent Department Depto 342, repeated niact Paris 1172, niact Frankfort 640.

[SPOFFORD]

740.5/12–1550 : Telegram

The United States Deputy Representative on the North Atlantic Council (Spofford) to the Secretary of State

TOP SECRET PRIORITY LONDON, December 15, 1950—4 p. m.

Depto 345. Deputies 44th meeting.

1. Chairman opened meeting with general statement on possible Soviet reactions to agreement on Germany based on Deptel 3026.[1] Measures listed (in order of increasing probability) ranging from highly improbable to practically certain were overt military action, actions of threatening nature such as troop movements, denunciation of treaty limitations on satellite rearmament, disruptive action in West Europe such as strikes, accusations in UN, overt militarization of East Germany, violence or new blockade in Berlin, denunciation of Franco-Soviet and Anglo-Soviet treaties, attempts to influence West Germany against rearmament, condemnatory official public statements, official note of protest, or intensified propaganda barrage. Stated, in summary, agreement on Germany represented no change yet in relative power position and had already been discounted in Moscow. Soviet reaction would probably follow present tactical pattern with sharper propaganda offensive designed both to appeal to and to frighten fearful.

The deputies showed keen interest and inquired whether this subject and possible West counter-measures would be discussed in Brussels. Chairman indicated Secretary would probably discuss possible Soviet moves but unable to say how far it would be possible to discuss counter-measures.

2. Opposition to preparation of report for Council overcome and agreed report should be made including concluding section on inadequacy of present efforts.

3. Chairman indicated it would be inadvisable publicly to announce recess of deputies talks until after first of year. It was agreed public would be informed deputies recessed briefly subject to call. Informally understood next meeting about January 4.

Sent Department Depto 345, repeated information priority Paris 1174 for Embassy and OSR, Brussels 178, pass Luxembourg 48, Copenhagen 132, The Hague 191, Lisbon 96, Oslo 115, Ottawa 62, Rome 238,

[1] Not printed.

priority Frankfort 642 pass Heidelberg 116 for Handy and Wiesbaden 549 for Cannon.

[SPOFFORD]

740.5/12–1550 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

TOP SECRET PRIORITY LONDON, December 15, 1950—7 p. m.

3482. I took up Deptel 3054 [1] with Bevin this morning. I had gone to see him with regard to another matter and before I had opportunity to outline position stated in reftel he referred to a message which he had sent to Secretary yesterday [2] expressing concern re German attitude and went on to outline his personal thinking with regard to steps we should take with respect to Germany following Brussels meeting. He outlined the four following steps:

(1) We should not make any offer or any proposal to the Germans concerning their contribution to western defense as to do so would invite a rebuff. He felt that an informal and unofficial conversation should be held with Adenauer much along the lines of paragraph 5 reftel.

(2) We should proceed immediately with the appointment of the supreme commander and the organization of the NAT defense force.

(3) While not relaxing in any way our efforts to increase our military strength, we should answer Russian note of November 3 [3] and proceed to examine possibility of CFM.

(4) We should appoint a "working party" which in close collaboration with the High Commission should begin discussions with the Germans with regard to their position in western defense. This working group should develop a plan which would progress step by step, we relinquishing controls and authority as the Germans took steps to play their part in western defense with the final objective of reaching a position where Germany could again be an equal and independent state.

Bevin emphasized that these are his personal thoughts and the matter had not yet been discussed with the Cabinet.

I then sketched in general terms the contents of reftel with some emphasis on encouraging the Germans conclude agreement on the Schuman Plan and to participate fully in conference to be called by French for European Army, etc. With respect to Schuman Plan Bevin said they would have no trouble in giving encouragement to the

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[1] Telegram 3054, December 14, which relates primarily to plans for changing the occupation status of Germany to a contractual arrangement, is scheduled for publication in volume IV.

[2] Not printed (740.5/12–1550).

[3] Scheduled for publication in volume IV.

Germans, and the UK itself expected and was willing to enter in contractual arrangements once Schuman Plan created. Although expressing some doubt as to the possibility of the success of the Pleven Plan, he indicated that in his opinion HMG might go a little further than the present British position of saying that they would not obstruct Pleven Plan. I feel he might be persuaded to give it a cautious blessing.

I did not emphasize paragraph 6 of reftel as Bevin said that his idea of a working party was not dissimilar and the manner this party should be set up and function would have to be discussed later. He did say, however, that the High Commission should be drawn very prominently into the negotiations with the Germans and seemed to have some rather vague idea that the working party should consist of the High Commission plus some governmental representatives. It was apparent that he had not gone very far in his thinking as to how machinery should be set up for dealing with Germans on this question.

Bevin agreed that we ultimately will reach a position of "contractual relations" with western Germany but felt that we should reach that position by negotiating step by step. While he felt we should not initially mention this to Germans I believe that he could probably be persuaded to agree to tell them early in the discussions that our objective is to reach that point provided they, the Germans, do what is necessary to permit us to change our relationship.

I think that he will go to Brussels prepared to explore this possibility with Secretary and Schuman but that any agreement he may make at that time would be *ad referendum* to the Cabinet.

Although I do not believe that he is especially concerned that the rearmament of western Germany may provoke the Soviet Union, he nevertheless feels, I believe, that if we push our defense preparations resolutely there may be some chance of a CFM producing at least a lessening of the tension between East and West.

The prominence given in position outlined Deptel to the success of Schuman and Pleven plans may afford French opportunity further to delay integration of German contingents into defense force.

Although it may well be that the situation has so altered in Germany this delay will prove to be inevitable because of German attitude, nevertheless I think we should exercise great care that we do not hand French another opportunity to indulge in the type of maneuvering which has thus far caused postponement of action to bring about integrated force.

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HOLMES

740.5/12–1550

Memorandum of Telephone Conversation, by Miss Barbara Evans, Personal Assistant to the Secretary of State

TOP SECRET [WASHINGTON,] December 15, 1950.

Mr. Lovett telephoned Mr. Acheson to report on the talk yesterday between himself, Secretary Marshall and General Eisenhower. He said the following points emerged:

1. General Eisenhower was very unhappy at what he assumed was an effort on the part of the British and our Navy to remove the Mediterranean forces and the North Sea forces from the command of the Supreme Commander. The problem was removed from his mind, however, by the statement of the Joint Chiefs that they would recommend that every American soldier and sailor in that area be placed under him in case of need.

2. He was much concerned about the efforts of the countries in their own self-defense. He thought it utterly ridiculous to have contributions measured in thirds of divisions, such as 2⅓ divisions from Canada. That sort of penny-pinching made their efforts look quite hopeless. Mr. Lovett had advanced the suggestion that what was actually needed was an individual to rally round rather than a committee. That idea appealed to Eisenhower, and he thought that if we could get the Europeans going whole-heartedly a job could be done.

3. Eisenhower thought the crux of the matter was not the French, since they could be handled in a variety of ways, such as breaking up the German outfits into smaller units and attaching them to American groups for the time being. But the Germans are the crux. If we are going to fight east of the Rhine and if the Germans do not want to fight, this is an extremely bad situation.

4. With reference to mobilization and size of forces, Eisenhower feels, as do the Joint Chiefs, that we ought to have a good, solid combat force with immediate expansion possibilities, rather than the vague idea that a lot of bodies give you an army. The state of readiness is what counts. He thought we ought to be prepared to throw in ten divisions to give impetus, but only after the Europeans show whole-hearted efforts in self-defense.

5. Eisenhower does not think that, at Brussels, we should offer the Supreme Commander or any particular individual. He thought that Admiral Sherman had handled the matter well when the Europeans had insisted they wanted Eisenhower and Sherman had replied that that was up to the United States. Eisenhower's feeling was that we ought to require an invitation to this Government, but with the responsibility resting in this Government to select an individual and then to ask the other Governments if that individual is acceptable. In other words, the appointment of an American as Supreme Commander should not rest on its being Eisenhower, who, as Mr. Lovett said, might fall in the sea. The announcement of the appointment should be withheld until the action on it had been cleared along the above lines.

In general, Mr. Lovett said, he thought Eisenhower had been reassured, was willing to accept the appointment, thought a job could be done, but that it will take a higher order of determination on the part of the Europeans than he has seen any indication of from the messages. He is obviously worried about the sincerity of the British and the French and the problem of the Germans.

Secretary Acheson asked if Eisenhower had discussed methods of handling the German problem or had just identified it as the principal question. Mr. Lovett said that the General had been shown a copy of a letter from Adenauer to Heineman, a Belgian utility man living in New York, who is a close friend of Adenauer, and with whom Adenauer had discussed the German problem. Mr. Lovett offered to show the Secretary the letter, who indicated he would be interested in seeing it. Mr. Lovett said that General Eisenhower thought the Germans would come in more rapidly once two things happened. The first was that they should get over the feeling that they were in command in a trading position, with which Mr. Lovett heartily agreed—not only that they should be disabused of this feeling, but that they were in a beautiful position now. Mr. Lovett thought we should ease up on saying how very important they were, so as to make them want to get in and not wait to be coaxed. The second was that when we have a build-up of strength, they will feel they have a chance to survive.

Mr. Acheson said he thought that in this connection we were planning to work along these lines. We have come to the conclusion that, without appearing to do so, we must put the German matter on ice for a little while. Mr. Lovett thought that this would fit in with Eisenhower's ideas. Mr. Acheson said that we were now planning simply to tell Adenauer in general terms about arrangements at Brussels, not put a proposal to him, nor ask for a reply. We must get on with various things, such as the occupation statute, Schuman plan, Paris discussions, our own forces, and forget about Adenauer for a while.

Mr. Acheson asked if General Eisenhower had given up the idea that he will not accept the appointment until a large force is put at his disposal. Mr. Acheson said he thought we had gone too far in thinking we should insist on this. In view of the Truman–Attlee conversations and the general shape of things, Mr. Acheson believed that if we tried to bargain and say that more divisions must be put up, everything would go to pieces. Mr. Lovett said they had not specifically discussed that. They had talked about the rate of speed-up here; that while we were going "to notch this throttle up very fast," we

don't want a mob of ten million people with nothing to use. There was discussion of Mr. Dewey's speech [1] calling for 100 divisions with 80 air groups, which Mr. Lovett said would mean that one-quarter of the army would have air support and the rest would not have any. He pointed out that the speech did not mention the ability to maintain sea lanes. Eisenhower thought this country should end up with ten or twenty divisions committed if necessary, but his point of view on this was elastic. He asked what percentage our contribution ought to be out of the total. Mr. Lovett had replied that he did not know. His best guess was that we would be called on for about three-quarters of the matériel.

Mr. Lovett suggested that Mr. Byroade should get in touch with the JCS and find out what the line of conversation was there, because Eisenhower had spent two hours with them, whereas this conversation here reported had taken only about thirty minutes. However, when the Secretary pointed out that he was meeting with Pace and Collins this afternoon,[2] Mr. Lovett agreed that that was the place to get this information.

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[1] Speech by Thomas E. Dewey before the New York County Lawyers Association in New York City, December 14.

[2] Memorandum of this anticipated conversation not found in Department of State files.

762A.5/12–1650 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

CONFIDENTIAL PRIORITY

WASHINGTON, December 16, 1950—5 p. m.

4371. Special guidance.

European Defense and the Question of German Participation

In the face of increasing expressions from German quarters indicating "rejection" of the anticipated NATO terms for German participation, and increasingly bold emphasis on the Germans' own "terms", a noticeable change in emphasis in our treatment of the subject for German audiences is in order:

(1) We must try to bring the German issue once more back into proper perspective by stressing that the problem is a defense organization *for Western Europe*, including Germany, in which the Germans will have an opportunity to participate.

(2) We should phrase our arguments in terms of general European problems, ignoring for the moment the specific issues raised by German groups and parties. This would enable us to bring the discussion once more back to the fundamental issues—danger, need for common

defense, common effort now under way—which have been overshadowed by the German insistence on conditions for their participation. We may continue to emphasize that discussion of details is premature, pending NATO Ministers' agreement to the plans as worked out in London, and formal consultation with the German government.

(3) The European defense organization now in the making is not designed for aggressive purposes. The US and the other nations of the West will continue to explore every fruitful avenue in order to avoid war.

(4) Experience has shown that unpreparedness and inaction are apt to tempt Communist aggression. The example of Berlin has demonstrated to all of Europe that the firm resolution to resist, backed up by the determined use of all available material means, is the first important factor in deterring aggression.

(5) It is only natural that the creation of a common defense organization of the Western nations has presented great difficulties. The progress made by the deputies group towards agreement among the NATO nations, through painstaking discussion, careful study of the mutual differences and deliberate concessions for the good of the common cause, is of historic significance. In spite of the remaining difficulties, it offers a basis for common action towards an effective defense organization.

(6) All Western European nations are faced with a decision which they have neither sought nor desired but which grim necessity is forcing upon them. Ultimately, the decision is between petty prejudices and reservations, and the defense of the common European heritage; between a narrow national outlook, and European solidarity; between submission to another totalitarian system, and the defense of free institutions; but also between doubts, inertia, and futility, and determined, joint, deliberate action.

(7) We should repeat that it is premature for Germans to take position on details regarding German participation (*a*) before these details have been fully decided upon, and the German government has had an opportunity to be consulted; and (*b*) because they first will have to make a fundamental decision along the lines indicated under (5).

(8) While not arguing German equality demands at this point, we should try to make Germans realize the progress towards a generally heightened position of respect and equality among the Western European nations which is entitled in defense participation.

(9) (FYI): (The German demand for equal status in the defense organization meets with basic difficulties which at least the NATO deputies have not been able to overcome. They lie in the generally agreed-upon intent to effect German military contribution while preventing the resurgence of a German national army. While the NATO nations have their own national armies to contribute, German elements have to be created and integrated into an international force in such a manner as to prevent later withdrawal into a national army. It is a curious contradiction—which we may point out as soon as detailed agreement by the NATO ministers has been announced—that the strongest clamor for German "equality" comes from the traditional anti-militarists who, at the same time, oppose reestablishment of a

German national army, and who might logically be expected to cooperate in devising structural safeguards.)

ACHESON

740.5/12–1650

The Secretary of Defense (Marshall) to the Secretary of State

TOP SECRET WASHINGTON, 16 December 1950.

DEAR MR. SECRETARY: The Department of Defense suggests that the U.S. position with regard to the course of action at the NATO meetings to be held in Brussels, Belgium, on 18–19 December 1950, should be as follows:

a. The Defense Committee should approve the Joint Report by Council Deputies and Military Committee on "The Contribution of Germany to the Defense of Western Europe", and the Military Committee report on "The Creation of an Integrated European Defense Force, The Establishment of a Supreme Headquarters in Europe, and the Reorganization of the NATO Military Structure" and forward them to the North Atlantic Council for their consideration.

b. The Council should approve the Defense Committee action on the above-named documents.

c. Following the action in paragraph *b*, if a resolution is adopted by the North Atlantic Council requesting the President of the United States to make available General Dwight D. Eisenhower as Supreme Allied Commander, Europe, the U.S. Representative to the North Atlantic Council should request a recess for the purpose of consulting with his Chief of State.

d. Following this consultation the U.S. Representative would announce to the Council the results thereof.

e. Thereupon, the Chairman of the Council would announce the unanimous approval of this appointment.

It is understood that no announcement will be made at these meetings of the assignment to the Supreme Allied Commander, Europe, of U.S. forces inasmuch as the President is expected to make a public announcement concerning this matter on Wednesday, 20 December 1950. I suggest that as United States Representative you inform the Council, on a confidential basis, of your Government's intention to increase substantially U.S. forces in Europe in expectation that this effort will be met by a similar effort on the part of the other nations involved; and to state, further, that your Government considers that firm programs for the development of such forces on the part of the other signatories of the North Atlantic Treaty are a prerequisite for the fulfillment of additional force commitments by the United States.[1]

Faithfully yours, G. C. MARSHALL

[1] The contents of this letter were transmitted to Spofford at Brussels in telegram 840, December 16; not printed. (740.5/12–1650)

740.5/12–1850 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

SECRET PRIORITY BRUSSELS, December 18, 1950—11 p. m.

987. Defense Committee successfully completed its business at session this morning. USDel Defense Committee cabling summary of meeting to defense and following only highlights:

1. *German participation.*

French indicated that while joint report of Deputies and MC not perfect in some respects, they accepted it, but wished to make two points:

(*a*) Controls in Germany foreseen in Spofford plan should not be relaxed until replaced by some other system.
(*b*) German RCT's might be attached to Allied formations, but should not group themselves together.

Belgium did not believe provision for German aviation wise until interim period foreseen in Spofford plan terminated. Expressed apprehension this would lead revival German aircraft industry and establishment of German civilian airlines. Belgium also made point with respect to paragraph 15 (1) and (2) that while accepting language in this paragraph they felt interpretative comment should be entered in minutes that occupation powers, in negotiations with Germans, should not only keep other NAT countries informed, but that if in their negotiations occupation powers made provisions with Germans beyond those envisaged in report such new provisions should be approved by NAT.

Portuguese expressed belief that Germany and Japan should both be armed to assist in preventing Soviet efforts at world domination and expressed regret that Spain excluded from defense of West.[1] After some discussion and very minor language modification report of Deputies and Military Committee on Germany participation was approved by Defense Committee.

2. *Integrated force.*

There was considerable discussion about the relationship of SG to other NAT bodies. It was finally agreed that this question should receive further study by SG in the light of experience which would be gained in the new military organization in coming period.

French suggested that before supreme commander designated, a specific tenure of duty should be fixed and that it might also be wise to fix an age limit. French based their suggestion on thought that in future it might be desired to change supreme commanders and without

[1] For documentation on U.S. policy on Spain, see pp. 1594 ff.

some tenure of office specified it would be awkward to make such change. The French also raised the question of who should designate the supreme commander (i. e., that NAT should have final approval of the officer designated by any member government).

US chairman pointed out essential that terms of reference of supreme commander be flexible and that Military Committee provided for such flexibility. Other representatives agreed and Military Committee report on integrated force was approved, it being understood that various suggestions that had been advanced would be noted, but not placed in document.

Secretary Pace's very able handling of chairmanship contributed greatly, both to success of meeting and keeping it on the tracks.

MURPHY

740.5/12–2850

The Government of the Republic of France to the Government of the United States [1]

Translation

BRUSSELS, December 15, 1950.

The French Government has authorized its representative at the meeting of the Deputies to accept the compromise proposal presented by Mr. Spofford, President of the Council, and amended in conformity with proposals of the French representative.

On this occasion the French Government believes it necessary to make known the reasons which cause it to authorize its representative on the Council of Deputies to accept the aforesaid text.

France is joined with the nations which, in the United Nations Organization, have expressed the wish that conversations should be undertaken between the great Powers. It believes it more necessary than ever that there should be a conference of the Four, carefully prepared, which would make it possible to examine the causes of the present tension and to seek remedies therefor.

The rearmament of Germany is included in the number of subjects which will be discussed.

The French Government, therefore, considers that, if a new political situation should result from these conversations, or if important new facts should come to modify the international situation, the decisions which may be taken in conformity with the recommendations

[1] The source text was transmitted as enclosure 4 to despatch 27 from Brussels, December 18, not printed (740.5/12–2850). Identic communications were sent to the other countries signatory to the North Atlantic Treaty. According to despatch 27 Secretary Acheson read the communication on December 18 and discussed it generally with Schuman and Bevin.

of the Deputies could very well become the object of a fresh examination.

The French Government, furthermore, desires to emphasize that it remains convinced that the European formula remains the true solution for the problem of the German contribution to the defense of Europe. If it (the French Government) accepts the intermediary provisions foreseen in the proposal of Mr. Spofford, it is because that proposal forms, in its opinion, a whole, and that all the Atlantic nations have an equal interest in seeing that the conference envisaged (by the Spofford proposals) takes place.

In authorizing Mr. Alphand to accept the proposals of Mr. Spofford in the form in which they have been amended, the French Government, in the light of present political circumstances which have been singularly aggravated since the meeting of the Defense Committee in Washington, has been guided by its particularly lively concern not to shake the unity of the Atlantic nations, and to accelerate the establishment of the organs whose creation was decided at the last meeting of the Atlantic Council, so as to hasten the execution of the measures recommended by the Military Committee.

The French Government therefore has the right to hope that the same state of spirit will be manifested with its European co-signatories of the Atlantic Pact, at the same time to hasten the conclusion of the coal-steel Pact which should be one of the bases of the future European community and, on the other hand, rapidly to undertake and to bring to a successful conclusion the work of the Conference at Paris. This latter will be called at the beginning of January by the French Government which will invite the interested Governments, as well as Governments of the United States and Canada, with a view to defining the conditions for the institution of the European Army in which some German military formations will eventually be integrated.

740.5/12–1850

United States Delegation Minutes of the First Meeting of the Sixth Session of the North Atlantic Treaty Council With the Defense Ministers [1]

TOP SECRET BRUSSELS, [December 18, 1950.]

USDel Min–1

MR. VAN ZEELAND, as Chairman, opened the meeting by welcoming the Council to Brussels. He then raised the question of the *agenda*, *which was adopted without change.*

[1] Held at 4 p. m. December 18 at the Palais Provincial.

Mr. Van Zeeland then proposed consideration of Item I on the agenda—German Participation in the Defense of Western Europe. The Council had before it a letter from the Chairman of the Defense Committee (Mr. Pace) approving and transmitting to the Council the joint report of the North Atlantic Council Deputies and the Military Committee on this item (Doc C6–D/1 [2]).

Colonel E. V. G. A. DeGreef (Belgian Defense Minister) raised a question with regard to that portion of the Deputies report (paragraph 15, sub 1 and 2) wherein it is recommended that the Occupying Powers be invited to keep the other parties to the North Atlantic Treaty informed as fully as possible of the course of the discussions with the German authorities and the steps taken to initiate German participation. He observed that since the German position on the question was not known, the Occupying Powers in the course of their discussions with the German authorities might be obliged to seek agreement on a framework outside that already agreed by the NATO. He submitted that in such an eventuality, the Occupying Powers should not only inform the other NAT countries of the course of discussions, but should refer any different decision to the Council for approval before proceeding in discussions with the German authorities. He did not propose that the wording of the report be changed, but that an interpretative note in the above sense be included in the record of the meeting.

Mr. Bevin (UK Foreign Minister), without commenting specifically on the proposal made, suggested that if the other NAT nations had views to express with regard to the approach to be made by the Occupying Powers to the German Federal Republic, such views should be expressed now.

Mr. Schuman (French Foreign Minister) agreed with the proposal made by the Belgian delegate, expressing his support not only as a member of NATO but as one of the Occupying Powers.

Mr. Acheson said that if it were proposed that the Occupying Powers in their discussion with the Germans should not depart from the agreement reached by the NAT nations, insofar as NATO jurisdiction were considered, this was only right and proper. On the other hand, if this were intended to extend the powers of the NATO and in effect place some additional or new restriction on the Occupying Powers, he could not agree.

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[2] Not found in Department of State files. The joint report, C6–D/1, entitled "German Contribution to the Defense of Western Europe," dated December 13, is a composite document consisting of D–D/196 (see D–D/196 (Final), p. 531), and D/MC–D/2, p. 538, which is usually referred to as the "Brussels Decision," "Brussels Formula," or "Brussels Agreement."

Colonel DeGreef explained that his proposal was designed to provide an interpretative note of the relevant portion of the documents agreed by the Deputies and the Military Committee. However, in view of Mr. Acheson's statement, he was satisfied and could agree to the recommendations as made by the Defense Committee.

The Council then approved the recommendation of the Defense Committee as contained in the letter from the Chairman of that body, which transmitted the report of the Deputies and the Military Committee.

Mr. Van Zeeland then invited discussion on Item II of the agenda—the Creation of an Integrated Force for the Defense of Western Europe. The Council had before it a letter from the Chairman of the Defense Committee (Mr. Pace) transmitting the Military Committee report on the subject item and recommending approval by the Council of that report (DC 24/3; C6–D/2 [3]).

Mr. Schuman observed that in the report of the Military Committee it was envisioned that senior officers would be designated as commanders of various operational commands in the integrated force. He wondered who would make such designations and when it would be done. This was not made clear by the report.

Mr. Pace (U.S. Secretary of Army representing the Secretary of Defense) explained that it had been envisioned that such designations would be determined in the first instance by the Supreme Commander, assuming his appointment, but that the final designations would presumably be made after the Supreme Commander had consulted on this point with the nations concerned.

Mr. Bevin envisioned the appointment of the Supreme Commander in the first instance and following this the appointment of other senior commanders. With regard to the Supreme Commander, he wondered by whom he would be appointed, when he would be appointed and how such appointment would be made.

Mr. Acheson quoted the pertinent provisions of the Military Committee paper on the appointment of the Supreme Commander, which stipulated that he should be appointed "forthwith", and suggested that the Council should first consider and adopt the basic paper which was in front of it. If after adopting this paper the Council addressed a request to the President of the United States to designate a United States officer as Supreme Commander, then the President would designate such an officer.

Mr. Bevin said he was satisfied with this but that he would later have a proposal to make on this question.

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[3] DC 24/3, p. 548; C6–D/2 is the Council designation for DC 24/3.

Mr. Van Zeeland asked for further general comment and in the absence of any recognized the Portuguese Foreign Minister on the point of detail.

Mr. Cunha (Portuguese Foreign Minister) drew attention to that portion of the paper before the Council concerning the relationship between the Standing Group and the Deputies. The Defense Committee had approved the document on the understanding that proposals made by the Portuguese and Danish governments with regard to the specific point mentioned would be studied further by the Military Committee. In the present paper it was proposed that the Deputies, as a continuing political body, should furnish guidance to the Standing Group when the other political bodies were not in session. There was a question as to what authority would be given the Deputies if they were to perform this function. If they were to work on the basis of directives of the Council, that was one thing, but if the Deputies were to promulgate new decisions and directives that was another.

Mr. Lange (Norwegian Foreign Minister) called attention to the fact that the Council had agreed at New York on the principle of giving continuous political guidance to the Standing Group. The Deputies, the continuing political body, was the natural agency to perform this function. In performing this function, however, the Deputies would be expressing the views of their governments, and their authority and decisions would be made accordingly. This particular aspect of the question related to the proposal made by the Canadian Government for the reorganization of the NATO structure, which proposal would be considered later by the Council. He emphasized that the Deputies must come more and more to be the channel through which governments exercised direction in the NATO.

Mr. Stikker (Netherlands Foreign Minister) supported the position taken by the Norwegian Foreign Minister. He also pointed out that in the resolution adopted by the Council in New York the function in question was contemplated as exercising higher direction, whereas the present document spoke in terms of guidance. He raised the question as to any possible difference.

Mr. Kraft (Danish Foreign Minister) agreed with the Norwegian position. He thought that the Deputies should be the continuing body concerned with action at the governmental level. He proposed that Part I of the present document be studied by the Deputies and the appropriate military body so that both political and military aspects of the question were given due weight.

Mr. Stikker, addressing himself to the point he had raised earlier, said that he understood there was a considerable difference in meaning between guidance, as used in the present paper, and direction, as used

in the original Council resolution. He also noted that in the present document it was provided that in the event the political guidance appeared militarily unacceptable or in conflict with the strategic concept previously approved by higher NATO agencies, the Standing Group in consultation with the Military Representatives Committee, or the military representatives of the individual nations as appropriate, should inform the Council Deputies and if agreement is not reached immediately report to the Military and/or Defense Committees. He realized that it would be difficult to amend the present document, but he proposed that in future discussion of this question it should be made clear that the wording of the present document did not in any way change the decision of the Council in New York.

Colonel DeGreef observed that the relationship of the Standing Group to representatives of other NAT nations was a question subject to many objections by the smaller governments. He realized that the Standing Group should be able to act definitively and with rapidity of decision and therefore that it must not be a heavy or cumbersome body. However, he thought that the provisional arrangement contemplated in the present paper, i. e., the Chairman of the Standing Group should be the Chairman of the newly constituted Military Representatives Committee, was not a satisfactory solution. He made the alternative proposal that the Chairman of the Military Representatives Committee should be elected by the non-Standing Group nations and that this Chairman should sit as an observer on the Standing Group.

Mr. Bevin thought this whole question should be studied by the Deputies.

Mr. Van Zeeland suggested that Mr. Bevin's proposal would seem to be acceptable to most of the governments and in addition bore relationship to the Canadian reorganization proposal which had already been preliminarily discussed by the Deputies. He wondered therefore if it could be adopted by the Council.

Mr. Moch agreed that Mr. Bevin's suggestion of referring the matter to the Deputies would be acceptable, but stressed that the Standing Group had a heavy load of vital and important work before it and that this work must suffer no delay, in particular that part of the activities of the Standing Group relating to SHAPE must proceed without delay. Hence, paragraph 11, relating to the establishment of the Military Representatives Committee, must be implemented immediately even though the question were referred to the Deputies for further study.

Colonel DeGreef noted that paragraph 11 was precisely what he proposed should be amended. His proposal was that the Chairman of

the Military Representatives Committee should be elected by non-Standing Group nations and that this Chairman should sit as an observer on the Standing Group.

Mr. Pace observed that paragraph 11 was primarily a military problem. It had been considered by the Military Committee and had been agreed in the present form as the most acceptable solution for the present. The Defense Committee had also approved this proposal. He thought that the proposal should be implemented and that opportunity must be given to determine its workability before any attempts were made to amend it. He therefore strongly supported the position that it should be put into effect without delay.

Colonel DeGreef thought that the Defense Committee had not really had occasion to discuss fully the point in question. The bulk of the discussion had been concerned with the Supreme Commander, and he had not suggested his amendment formally in the Defense Committee but had submitted it to the Secretariat. He was, however, prepared to accept the proposal that as a provisional measure the Chairman of the Standing Group should be the Chairman of the Military Representatives Committee, reserving his position, however, on future action on this question.

Count Sforza (Italian Foreign Minister) supported the Belgian proposal and thought it was a just and appropriate arrangement when considered with respect to NAT countries.

Mr. Van Zeeland then suggested, and *the Council approved*, *the proposal as follows:*

1. That the question of the relationship between the Standing Group and other bodies in the NATO be referred to the Deputies for consideration, and
2. That paragraph 11 of the present document be put into effect provisionally with the Chairman of the Standing Group acting provisionally as the Chairman of the Military Representatives Committee.

The Council then addressed itself to the consideration of a resolution put forward by the Chairman concerning the creation of the Integrated Force.

Mr. Schuman referred to that portion of the document concerning the appointment of a Supreme Commander and the recommendation that he should be a U.S. officer. He agreed that the Government of the United States should be requested to designate an officer as the Supreme Commander; however, there was a juridical aspect of such an action which was most important. The designation of such a Supreme Commander should be made by all the governments concerned. This was necessary if the Supreme Commander was to command forces of all the nations involved.

Mr. Bevin said that he had in mind the same point and proposed that there should be added to the appropriate sentence in the resolution before the Council the following: "On appointment the Supreme Commander would receive a letter of confirmation of his appointment signed by the members of the Defense Committee." Mr. Bevin submitted that this would make sure that the Supreme Commander had the necessary authority over the forces of all the nations concerned.

Mr. Acheson observed that the resolution as presented requested the United States Government to designate an officer to occupy the position of Supreme Commander. If the Council approved this resolution, he hoped that the Supreme Commander could be designated as quickly as possible, perhaps by the next day's meeting. The Council could then concern itself with what further legal steps needed to be taken. He thought that in addition the Council might wish to suggest by name an officer who might be designated by the United States Government.

Mr. Moch stated that if he had correctly understood Mr. Acheson's statement, he thought the NAT nations were on the verge of taking an important step and making real progress. He had understood Mr. Acheson to say that the United States was ready to designate an officer and to suggest that further aspects in connection with this appointment could be worked out later. He thought that this was a point for action and said that as to the officer concerned, the French Government had in mind many U.S. officers who might be designated but that one officer in particular, because of his great service in liberating Europe, stood out above all others. He suggested the name he thought was in the minds of everybody—General Eisenhower.

Mr. Claxton (Canadian Defense Minister) said that he had intended to submit a resolution on this particular point if the present resolution before the Council received approval. He contemplated action by the Council specifically as Mr. Moch had suggested.

Mr. Bevin said that in view of the statements just made, he would withdraw his suggested amendment to the resolution before the Council.

Count Sforza said that he knew that the thoughts as to the individual who should be Supreme Commander were in the minds of everyone, and he said that the choice of General Eisenhower would make a great impression on the Italian people.

Mr. Lange said that the appointment of General Eisenhower would be received with great joy by the Norwegian people.

Mr. Stikker said that the appointment of General Eisenhower would be a most important step and would go far to restoring the confidence needed so much in the nations of Western Europe.

Mr. Cunha said that the appointment of General Eisenhower would meet with the wholehearted approval of the Portuguese people and would give to Europe a great confidence in the defense effort.

Mr. Bevin said that the UK would of course agree to designation of General Eisenhower.

Mr. Kraft associated himself with the suggestion of Mr. Moch that General Eisenhower be appointed.

Colonel DeGreef said that in his country which had been liberated by General Eisenhower, his appointment would be received with great enthusiasm. The Chairman regretted that because of his holding the chairmanship, Belgium had to wait until last to give its approval to the appointment of General Eisenhower.

Mr. Lange, continuing the discussion on the resolution, suggested the addition, after the words "The Medium Term Defense Plan," of the following, "and in Part IV of the report of the Defense Committee."

Mr. Pace said that he understood the intent of the Norwegian proposal to be that the NATO should move ahead more rapidly in the defense effort and he therefore supported the proposal.

The amendment suggested by Mr. Lange was accepted.

Mr. Schuman referred to the question of how the other NAT governments would be associated with the designation of a U.S. officer as Supreme Commander. He stressed again the necessity of this in order that the Supreme Commander would have the proper authority over national contingents.

Count Sforza wondered if this question had not been answered already. The Council had expressed itself in the sense that not just a General Officer should be designated but that General Eisenhower should be designated. He thought that this would meet the situation if it were reflected by a slight change in the wording of the resolution.

Mr. Claxton said that there were two aspects to the designation of the Supreme Commander—the first of these concerned making the news known to the public, and the second concerned the legal position of the Supreme Commander. The first required immediate action by the Council. However, the second aspect must be dealt with in accordance with the constitutional procedures of each nation. He felt this could be done very quickly.

Mr. Bevin suggested that if the Supreme Commander were designated by the next day the Council could pass a resolution which would put the matter in order with the Parliaments and governments concerned.

Mr. Lange thought that the Council could do what Mr. Bevin suggested but he felt that each Defense Minister should write a letter

on the following day, after the designation was made, confirming that designation. This would meet the constitutional point involved.

Mr. Moch injected that the letters should be addressed to the Chairman of the North Atlantic Council.

On the basis of this discussion the resolution before the Council was approved. (Annex A)

Mr. Claxton then proposed a resolution, the effect of which was a request to the President of the United States that he designate General Eisenhower as Supreme Commander. In connection with proposing his resolution, Mr. Claxton stressed the fact that naming a Supreme Commander would not of itself raise the forces which were required for the defense of Western Europe and that this mission must be accomplished by the nations themselves.

The resolution proposed by Mr. Claxton was approved. (Annex B)

At the request of the Chairman, Mr. Acheson agreed to communicate to the President of the United States the action of the Council and the request made with the hope that a reply could be received by the next day.[4]

Mr. Van Zeeland then raised the question of a communiqué. He said this always created great difficulties, and he would therefore like to suggest that the Deputies meet as a drafting committee that evening.

Mr. Bevin inquired whether the Chairman had in mind one communiqué that evening and another the following day. Mr. Van Zeeland said he contemplated only one communiqué at the end of the session, which led Mr. Bevin to comment that he was an optimist about press relations.

Mr. Acheson suggested that there should be an interim communiqué, largely colorless, issued that night. He said he wished to urge the Council with the greatest possible fervor that there be no substantive report to the press that night on the decisions taken during the meeting.

Mr. Van Zeeland said they all agreed and were under a moral obligation to exercise restraint. He proposed that the Deputies meet immediately to draft an interim communiqué and to begin work on a final communiqué. *This was agreed by the Council.*

The meeting was adjourned at 7 : 15 p. m.

Annex A

The Council, *convinced* that recent developments in the international situation have increased the urgency of establishing the inte-

[4] For the texts of Secretary Acheson's telegram to President Truman on December 18 and the President's reply of the same day designating General Eisenhower as Supreme Commander, see Department of State *Bulletin*, January 1, 1951, p. 6.

grated force for the defense of Western Europe, including Western Germany, envisaged by the Council in its resolution of 26 September 1950 (C5–D/11 final);[5]

Having considered the report of the Defense Committee on this matter;

Approves:

The Defense Committee's report, including the measures proposed therein to establish the integrated force and the terms of reference for the supreme commander attached thereto. In this connection the members of the North Atlantic Council, speaking on behalf of their governments, indicate that it is the intention of their governments to proceed along the lines outlined in this paper in order to achieve its purposes;

Authorizes:

The implementation of the recommendations therein for the necessary reorganization of the NATO military structure to provide for the integrated force and its supreme commander;

Agrees:

That the integrated force is to be constituted, and the supreme commander appointed, at the earliest possible date;

Requests:

(*a*) The Government of the United States to designate an officer of its armed forces to fill the position of supreme commander of the integrated force.

(*b*) The parties to the North Atlantic Treaty to take immediately all practicable steps to have ready, as set forth in the medium term defense plan, and in part 4 of the report of the Defense Committee, their initial contribution to the force on the request of the supreme commander and concurrently consider ways and means of rapidly effecting completion of the requisite additional national contributions to the strength of the force.[6]

Annex B

The Council, *having agreed* with the recommendation of the Defense Committee that a Supreme Allied Commander, Europe, should be appointed as soon as possible as an essential action in proceeding with the prompt establishment of an effective NATO defense force in Europe;

Recognizing that the ultimate success of such a force lies in its sound initiation and that, for this reason, the selection of the first supreme commander is a question of the utmost importance;

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[5] Transmitted in Secto 55, September 26, p. 350.

[6] A copy of this resolution was transmitted to President Truman at 10 p. m. on December 18.

Reposing the greatest faith in General of the Army Dwight D. Eisenhower as a commander of incomparable prestige, proven ability, and the highest order of leadership;

Unanimously recommends to the President of the United States that he designate General of the Army Dwight D. Eisenhower as the first Supreme Allied Commander, Europe.[7]

[7] A copy of this resolution was also transmitted to President Truman at 10 p. m. on December 18.

740.5/12–1950

United States Delegation Minutes of the Second Meeting of the Sixth Session of the North Atlantic Treaty Council With the Defense Ministers [1]

TOP SECRET BRUSSELS, [December 19, 1950].

USDel Min–2

MR. ACHESON read to the Council a letter which he had addressed to the Chairman transmitting the reply of President Truman to the request of the Council of the previous day.[2] The President's reply stated that in response to the Council's request that the United States Government designate a US officer to occupy the position of Supreme Allied Commander, Europe, and the Council's recommendation that General Eisenhower be so appointed, he had designated General Eisenhower as Supreme Allied Commander.

MR. VAN ZEELAND, on behalf of the Council, expressed thanks to Mr. Acheson for accomplishing speedily the mission which had been given him on the previous day. He also expressed the thanks and appreciation of the Council to the President of the United States for his action. He then proposed a resolution which formally expressed the will and decision of the Council regarding the designation of the Supreme Commander and read a letter received from the French Defense Minister expressing the confirmation of the French Government to the designation of General Eisenhower.

MR. MOCH congratulated the Council on arriving at a decision which was so essential to the future success of the defense effort. He expressed thanks to Secretary Acheson for the fast work in communicating to the President the wishes of the Council and in obtaining the speedy reply. He thought that the act of designating the Supreme Commander should be solemnized in two steps:

(1) The Council should give its unanimous agreement to the resolution which had been proposed by the Chairman and the resolution should be signed by the 24 ministers present.

[1] Held at 10 a. m. December 19 in the Palais Provincial.

[2] For the texts of the two communications under reference here, see Department of State *Bulletin*, January 1, 1951, p. 6.

(2) An individual communication similar to the one which he had addressed to the Chairman should be sent by each government confirming the designation of General Eisenhower.

On the proposal of the Chairman the Council unanimously accepted his resolution.

With regard to the individual letters to be sent to the Chairman, this was agreed in principle.

COUNT SFORZA stated his ability to agree in principle to Mr. Moch's proposal but said that the constitutional rules within his government would not allow him to address such a communication to the Chairman immediately.

MR. LANGE observed that each minister would need to conform to the constitutional procedures within his own government. In addressing a communication to the Chairman each would say the same thing in substance, but perhaps in different form.

It was agreed that each minister would sign the resolution and that the letters from the individual governments could follow as the various constitutional processes permitted.

MR. ACHESON stated that the Council in taking the step just completed and in taking subsequent legal steps regarding the Supreme Commander had made progress forward with regard to the defense of Western Europe. He stressed that the mere act of appointing a Supreme Commander would not, however, raise the necessary forces or provide the supplies behind them. He therefore urged all governments to move forward as quickly as possible to accept the act just completed as a challenge, and to bolster it by building the forces and providing the necessary supplies behind them. He thought that the following steps were necessary:

(1) Each government immediately should place under the Supreme Commander forces now in being. In this connection the President of the United States had authorized him to inform the Council that he was placing under the command of the Supreme Commander on the present day the United States forces in Europe. It was the hope of the United States that this act would be matched by similar action by other nations.

(2) It was clearly obvious that the forces which could be placed under the Supreme Commander were inadequate. Therefore, all nations concerned must take steps to increase their forces and those to be placed under the Supreme Commander as quickly as possible. The United States already had started this action. Again, the President had authorized him to say that the United States would increase its forces under the command of the Supreme Commander.

(3) It was also obvious that forces without arms and supplies would be unable to carry out their mission of defending Western Europe. Therefore it was of primary importance that all nations take steps to increase the production of equipment and supplies for those

forces to be placed under the Supreme Commander. No one nation had yet done enough on this score. The United States was taking steps to increase production of war materials.[3] The President had just asked the Congress for an increase of approximately $40 billion for United States forces and for the forces of other free nations. In connection with this the President had directed a cut-back in civilian production and the immediate placing of military orders for equipment. This was all being done on an urgent basis in the US, and it was imperative that there should be great activity in all countries concerned in the planning and organization of production and industry in order to equip and supply the forces being raised. The United States would be glad to assist in this.

Mr. Acheson pointed out that, in order to bring coordination and direction to bear on industry and production in the United States, the President had appointed Mr. Charles E. Wilson to exercise the necessary functions.[4] He urged that similar steps be taken in Europe. He referred to the discussion in the Defense Committee of the Defense Production Board and commented that the solution arrived at there was entirely inadequate. A board with a staff director was not good enough to perform the necessary tasks. There should be a person who should be charged with the responsibility of seeing that the productive efforts of Europe were put behind the creation of forces. Obviously many national problems were involved. It was not suggested that an executive authority should be put over each nation but some one man should be designated and given responsibility for production and should work along with General Eisenhower in the building and equipping of the Integrated Force.

Mr. Acheson urged that each government review its own actions and its own concepts in this matter and do whatever is necessary to get the production effort under way as quickly as possible. There should be less talk, fewer resolutions and schemes of organization and more action. This must come about quickly because there was not much time allowed for its completion.

Mr. Moch agreed that the time for speeches was past and said that the letter which he had addressed to the Chairman would be forwarded to the French Commander in Germany. As a result of this the 3rd and 4th Infantry Divisions and the 5th Armored Division comprising French troops in Germany would be placed under the Supreme Commander. These divisions were equipped with United States arms and matériel and were almost completely battle-ready.

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[3] See the address by President Truman on the National Emergency, broadcast to the nation on December 15, and the presidential proclamation on the existence of a national emergency, dated December 16, Department of State *Bulletin*, December 25, 1950, pp. 999–1003.

[4] Charles Edward Wilson, Director of the Office of Defense Mobilization.

There were other French forces which were being held for other purposes, and in this connection he made specific reference to the French effort in Indo-China. In addition other forces were being raised forthwith. Two divisions, one infantry and one armored, would be placed under the Supreme Commander in the new year. Also five divisions were being trained on a mobilization basis within France. These divisions would be capable of mobilization within a few days when needed since most of the men comprising them were located closely together in the villages and cities of France. Mr. Moch drew attention to the fact that this action was in accordance with the French position as stated in his communication of August 5th.[5] With regard to production the French effort was being increased commensurate with the credit available. He could go into further detail on this but perhaps it would be better to do so at another time. In summation he said that France was fully supporting the Supreme Commander in his work towards building the defenses of Western Europe.

Count Sforza said that Mr. Acheson's statement had really been an appeal. He was pleased to hear Mr. Moch, but thought that his statement was more in the nature of a military solution. The present effort would be successful only if a gigantic economic effort were made parallel with the military effort. This was why Mr. Acheson had called attention to the appointment of Mr. Wilson. He drew attention to the fact that whatever the merits of Mr. Wilson—and Mr. Wilson had been appointed because of his outstanding ability—he would be correspondent only to a European business man if his efforts in the United States were restricted to one or two states. Mr. Wilson's importance derived from the fact that he was continental in scope. Count Sforza thought that there was no Wilson in Europe. Europe faced not only the Russian danger but also a German danger in that there was the great chance of domination by that nation in any coordinated effort with which it was connected. Europe could not be sure against Russia without German support. German support could not be safely had unless something were done about the basic character of the German nation. Germany must be faced with an organized Europe so that its tremendous productive capacity and powers of initiative could be utilized safely. Count Sforza thought that this vision of an organized Europe might be realized sooner than expected. He thought until this Utopian idea could be considered and something done about it the whole scheme could not succeed. Only with its arrival would many of the dangers from all quarters be alleviated.

Mr. Bevin thought it appropriate that this vital matter of national effort should have been raised by the United States after the Supreme

[5] See telegram 852, August 17, p. 220.

Commander had been designated. The Council must seriously consider the development of a defense organization, the constitution of forces and the rapid development of a defense production. The UK had previously announced the contribution which it could make to the effort. He thought that following the present meeting the UK Government would make a further supreme effort with regard to defense production for equipment of forces under the Supreme Commander. He emphasized the field of production and drew attention to a slogan of the last war that metal was cheaper than men; good and sufficient equipment would provide the men with mastery of whatever situation they had to face. He was sure that the UK would do everything possible commensurate with maintaining a reasonable economy. He recognized, however, that there must be adjustments in the economy and that similar adjustments would be necessary in the economies of other nations. With regard to defense production two factors were dominant—quantity and speed. Speed must be on the side of the NATO nations. Production must be put in hand and multiplied without waiting to work out theoretical approaches or organizations.

He noted that the UK had been engaged since the war in the struggle in many parts of the world against Communist encroachment. Other nations were also involved. However, in view of the present disturbing and dangerous situation, the UK had decided to increase its accelerated defense effort still further primarily to help the NAT nations and other friendly nations. He could not commit his government to a specific sum of money for this effort but assured the Council that the UK would do what needed to be done. All nations must, with the greatest vigor and resolution, get on with building up the Integrated Force rapidly. He said that in the building of the defense force Great Britain would give of her best.

Mr. Kraft thought that the present action demonstrated that the fate of Europe and America was inextricably tied together. The designation of the Supreme Commander had confirmed this. Although much had been done, there were still great decisions to be taken. He mentioned the question of Germany's participation in this regard. He felt it necessary that the Germans must be convinced that the beliefs and concept and line of action of the NATO nations was the only way in which the security of German soil might be insured. He thought that the assignment of forces by the United States to the Supreme Commander and the intention to increase these forces would greatly strengthen the confidence of the peoples of Europe. He pleaded for a greater pooling of effort by the NAT nations and thought that the results of such would greatly enhance success.

Mr. Cunha agreed that efforts to date had not been enough and that they must be developed and increased. He said that Portugal would make new efforts. He called attention to the special situation in Portugal, in particular her overseas territories and her geographical position on the Iberian Peninsula. He had hoped to see the development of more cooperation with respect to the latter, and perhaps there could be a solution soon along the lines envisioned by the Portugal Government. As to defense production this would require further study. He did not know how Portugal would be affected but he was sure that Europe must do more. However, he cautioned that civilian production should not be weakened since this was the basis of the internal strength of the nations. In summation he said that Portugal would study all efforts to strengthen the common defenses.

Mr. Claxton said that Mr. Acheson had put in sober and serious terms his estimate of the international situation. He had indicated what the United States would do to deal with the situation. The increase in Communist aggression had been a source of great concern to Canada. Canada had taken steps to increase her defense effort just after the Korean hostilities and would continue to press on with them. An important aspect of the Korean situation was that it showed the strategy of the USSR to be that of involving the western nations heavily in Asia. Canada was convinced that the defenses of Europe must be strengthened and that Europe was in essence the heart of the strength of the West. Europe must take first place in our global strategy, and the NATO area is the key to defense against the USSR. He spoke of the need to press on with building military strength and said that political and other progress must be carried along with the military plan. Canada was ready to carry its part in the effort. The acceleration of production was an essential part of the defense build-up and this involved many activities such as standardization and coordination in placing of defense orders. All of these things must be worked out with the greatest possible speed.

Mr. Van Zeeland said that Belgium was convinced that following the events which had taken place, peace could be saved only by strength. This meant increased combined efforts in the NATO. Belgium was ready to do its share. The designation of the Supreme Commander was a great step forward and in addition some countries had already assigned troops to his command. In this connection Belgium would take immediate similar steps. With regard to production the Belgium Defense Minister had made certain proposals in the NATO and he hoped they could be taken into account in planning the increased effort. With regard to production, orders must be placed with manufacturing firms and all efforts made towards speeding up the

work of the people in the industries. He would have further ideas on this which could be discussed later.

The Council recessed from 12:20 to 1:40, at which time the Chairman, in the absence of further discussion on Item III of the agenda, asked Mr. Spofford to present Item IV—the Report of the Deputies.[6]

Mr. Spofford thought that the report spoke for itself and suggested that it be read not in the light of what has been done but what needs to be done. It was clear that the efforts made to date were totally inadequate and that a greater production effort such as proposed by the Council was needed to supply and equip the Integrated Force.

The Council took note of the Deputies Report.

Mr. Stikker then raised, under Item V—other business, the question of raw materials and the Council resolution in New York which asked the Deputies to work on the supply aspect of raw materials and the control of prices. This was of recognized importance since in building up production the NAT nations must begin with raw materials. He outlined the action which had been taken since within the NATO and within the OEEC concerning raw materials. In this connection representatives of the OEEC had been asked to go to Washington to discuss certain commodity problems. These representatives had been informed that a raw materials planning board had been set up as a result of the talks between the President and the Prime Minister of Great Britain.[7] He understood that France later had been asked to join this board. He pointed out that the question of raw materials concerned many other nations and other organizations, i. e., NATO and OEEC. He thought it most important that decisions on this matter should not be made in a tripartite body but on a broader basis. He thought there should not be a tripartite allocating board even if the OEEC were asked to send an observer to such a board. He hoped that the tripartite powers would reconsider their decision in the light of the work in this field by the OEEC and the NATO. (See Annex A)[8]

Mr. Lange supported the position taken by Mr. Stikker. He said that if the information reported by Mr. Stikker was true, the problem could not be worked out on the basis as it was represented before the Council in the Deputies' report. Work on the raw materials question

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[6] A copy of the report of the deputies, D–D/210, "Second Report by the North Atlantic Council Deputies," dated December 13, not printed, is in the Conference Files, Lot 59 D 95, CF 44. Lot 59 D 95 is a collection of documentation on official visits of foreign dignitaries to the United States and on major international conferences for the years 1949–1955, as maintained by the Executive Secretariat of the Department of State.

[7] For documentation on the Truman–Attlee talks, December 4–8, see pp. 1698 ff.

[8] "Statement on the Subject of Raw Materials, Made by Mr. Stikker," not printed. The statement, which records in detail Stikker's views, was circulated before the second meeting.

should be done so far as possible in bodies where all nations present were represented. He recognized that some nations outside both NATO and OEEC were concerned but he felt that the primary effort in this field should be through the OEEC with the NATO assisting where appropriate.

Colonel DeGreef supported the position taken by the Netherlands and Norwegian delegates.

Count Sforza associated himself with the preceding remarks and said that these statements were made not with an intention of manifesting prestige but in the interest of the common effort of all nations involved.

Mr. Cunha associated himself with the Norwegian position.

Mr. Acheson said he understood the concern expressed grew out of the recent Truman–Attlee discussions which set up a US–UK–French working group and a fear that: (1) action would not be taken in accordance with agreements in the NATO; (2) an allocation function might be performed by the tripartite nations; and (3) action might be taken without consulting all nations present. He thought that these fears should be put away. The three powers were trying to work out some means of handling the question in the interest of making rapid progress. There were two aspects to the raw material problem—production and allocation. It was a question of trying to get the producing countries, which in many cases were not represented on any of the bodies, to move toward cooperation in the supply of raw materials. There was the question of the consumer countries who also in many cases were not represented on the bodies concerned. The problem could be worked out only if all countries concerned endeavored to reach a solution. It would have to be on a commodity by commodity basis regardless of the interest of OEEC or NATO; groups of countries concerned with particular commodities must get together and address themselves to the problem. These groups could, of course, have no powers other than those of persuasion.

Mr. Bevin said that the whole idea was to get the materials and to get them quickly. He thought it might be better to have the three powers get the materials and then arrange for distribution of them by consultation with other countries or agencies concerned. He felt that the creation of a large new agency or organization to deal with this problem would be a cumbersome and unworkable solution. Everything that was done would be checked with the OEEC and the NATO.

Mr. Stikker said that it had never been in his mind or in the minds of other OEEC countries that there should be one body to discuss this question; there was agreement that it must be an attack on a commodity basis. However, Mr. Bevin indicated that a new three-power organization should take things in hand to procure materials.

He took exception to the idea of a new organization, which meant that decisions would be made outside the OEEC and the NATO. Consequently he felt there would be great harm done to cooperation in Europe.

Mr. Bevin pleaded for agreement by all concerned that the job must be done quickly and without any delay. He felt that the ideas he had expressed were for the good of all concerned. The three-power body would be able to move quickly and effectively in obtaining the materials and then after consultation could arrange for their distribution.

Mr. Lange realized the essence of speed but he was not put at ease with the answers which had been given on the matter at hand. He did not feel that speed would be sacrificed by the use of the OEEC in which all the three-powers were represented. He pleaded for the use of the OEEC and NATO on this problem and felt that if they were not used confidence in them would be undermined. He suggested that the Deputies might be asked to look into the matter and endeavor to work out a solution in the light of the remarks made in the present meeting.

Mr. Bevin thought that if the matter were referred to the Deputies another difficulty would arise—the position of the producing countries which are not in the NATO. He urged that a solution be found which would not cause delay in the essential work. He suggested that the Council might call the attention of the tripartite body to the anxiety expressed regarding liaison and consultation with other nations. The importance of consulting the OEEC, the NATO and producing countries could be emphasized. Mr. Bevin felt that the tripartite body would certainly not be an unreasonable arrangement and he envisioned that the Deputies might be the NATO body which would be consulted by the tripartite body. He recorded his government's position that the basis of the organization should be the tripartite arrangement.

Count Sforza said he supported the remarks made by the Dutch and Norwegian Foreign Ministers, but he felt that the whole matter should be referred to the Deputies.

Mr. Stikker called attention to the decision recently made by the OEEC to arrange conferences on raw materials. If it were now agreed that decisions on raw materials were to be made by a tripartite body, difficulty would be encountered in the OEEC. He, therefore, could not give his approval to Mr. Bevin's suggestion.

Mr. Claxton said that he would be satisfied with Mr. Acheson's explanation. However, Mr. Bevin had indicated that a body had been set up in Washington to deal with the matter. Mr. Claxton suggested that the question be referred to the Deputies who should be asked to

look into the question from the point of view of the countries concerned.

Mr. Acheson associated himself with the remarks of Mr. Claxton. He felt that the situation had become quite confused. So far as he knew there was no tripartite organization in existence with regard to the raw materials problem. The three powers were merely trying to decide where to go and how to get there. Not only the OEEC and NATO were involved but other countries all over the world had vital interests in this question. The efforts of the tripartite powers had been designed to see how a beginning could be made to solve this very complicated problem. They were aware of the interests of OEEC and of NATO and of other countries of the world. They were merely trying to suggest a means of attacking the problem. It was not even agreed that more powers might not be associated with the three in this preliminary phase.

Mr. Stikker supported the views of Mr. Acheson.

Mr. Bevin said that he was even further confused by this. He agreed that the matter could be referred to the Deputies but said that he could not regard himself as being committed to any solution as a result of this reference.

In absence of any further objections, Mr. Van Zeeland said that the matter would be forwarded to the Deputies for study and that no definite instructions would be issued to the Deputies. They must work out the problem themselves on the basis of instructions of the governments.

This was agreed by the Council.

Mr. Claxton introduced the Canadian resolution pertaining to reorganization of the NATO structure;[9] the sense of which was that the Deputies would give the matter further study. *The resolution was adopted by the Council.*

The Council approved a communiqué and directed that it be issued to the press. (Annex B)[10]

The meeting adjourned at 3:20 p. m.

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[9] D–D/169, p. 461.

[10] Not printed. For the text of the communiqué, issued on December 19 at the close of the sixth session, see Department of State *Bulletin*, January 1, 1950, p. 7.

740.5/12–1950

The President to General of the Army Dwight D. Eisenhower

Washington, December 19, 1950.

Dear General Eisenhower: The North Atlantic Treaty Nations have agreed on the defense organization for Europe and at their request I have designated you as Supreme Allied Commander,

Europe. I view their request as a pledge that their support of your efforts will be complete and unequivocal.

I understand that the Standing Group of the North Atlantic Treaty Organization will shortly issue a directive to you concerning your responsibility and authority as the Supreme Allied Commander, Europe.

You are hereby assigned operational command, to the extent necessary for the accomplishment of your mission, of the U.S. Army Forces, Europe; U.S. Air Forces, Europe; and the U.S. Naval Forces, Eastern Atlantic and Mediterranean.

Subject to overriding requirements of the Supreme Allied Commander, Europe, the missions, routine employment, training and administration of these forces will continue to be handled through command channels heretofore existing.

You are authorized to have officers and enlisted personnel of the U.S. Armed Forces, as well as civilian employees of the Departments of the Army, Navy and Air Force, for your Staff in such numbers and grades as you consider necessary.

I am sending a copy of this letter to the Secretary of State for his guidance and a copy to the Secretary of Defense for his guidance and necessary action by the Department of Defense.

You are undertaking a tremendous responsibility. As President and Commander-in-Chief of the Armed Forces of the United States, I know that our entire country is wholeheartedly behind you. Indeed, you carry with you the prayers of all freedom-loving peoples. I send you my warmest personal good wishes for success in the great task which awaits you.

Very sincerely yours, HARRY S. TRUMAN

740.5/12–2050

The Secretary of State to the French Minister for Foreign Affairs (Schuman)

WASHINGTON, December 20, 1950.

DEAR MR. SCHUMAN: In connection with the successful termination of the North Atlantic Council meetings, on the subject of the creation of an integrated military force for the defense of Europe, I should like to express the satisfaction felt by my Government in this accomplishment.

As I have said to you on more than one occasion in the past, the United States has given every evidence in statements, actions, and treaties of the depth and permanence of its interest in Europe, its support for closer European association, its willingness to cooperate

with Europe. That this will continue and increase, is, I am convinced, the will of the American people.

If your Government in close consultation with the German and other European Governments who wish to participate can evolve the main outlines of a plan for bringing the free nations of Europe more closely together in the spirit so well represented by the Schuman Plan, we can reasonably hope for long term solutions of many of our problems, be they political, military or economic.

I do not need to remind you of the attitude which the Government of the United States has displayed on innumerable occasions, and in many forms, toward European integration. My Government strongly favors it. If the European countries can work it out in a practical manner, a sound basis would be laid upon which military and economic strength can be built. A rallying point will be created around which a free and civilized Europe can muster its energies for a sucessful defeuse of its beliefs and the traditions of its history.

We know you also agree with us that it is of primary importance to press forward vigorously with the strengthening of the North Atlantic Treaty Organization. We are convinced that the broad framework of the Atlantic Community, embracing a strong Europe, is an essential part of the free world structure and the attainment of global security under the United Nations.

We warmly welcome your Government's initiative in calling a conference of the interested European powers to consider how the French proposals might best be implemented. If invited to attend such a confeverence, the Government of the United States would be happy to send an observer or observers and will do its best to assist in bringing its deliberations to a successful conclusion.

Sincerely yours, DEAN ACHESON

740.5/12–2050 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

SECRET BRUSSELS, December 20, 1950—7 p. m.

1011. Loridan this afternoon said that by and large communiqué resulting from meeting today of Brussels Pact FonMins was self explanatory (text in translation being telegraphed separately).[1]

He said that in general it had been agreed that military aspects of Western Union should now be subordinated and progressively merged with NATO. *Pro forma*, possibility was recognized of future meetings of Defense Ministers, Military Committee and Council of Western

[1] For text of communiqué announcing the decision of the Consultative Council of Brussels Treaty Powers to merge the forces and agencies of its organization with those of NATO, see the *New York Times*, December 21, 1950, p. 1, column 6, and editorial on p. 28.

Union countries with admission of possibility that there might be some regional military problems which could still come within purview of these organisms. However as a matter of fact military aspects of Brussels Treaty were already completely subordinate to Atlantic Pact organizations. Fontainebleau apparatus would, if not entirely disappear, be molded with new Eisenhower General Staff.

In terms of strict confidence Loridan said that 5 powers had agreed on contributions to infrastructure. This would entail contributions by Belgium to France in over-all bookkeeping settlement. He did not however specify amount involved.

Sent Department 1011, repeated information Paris 220, London 180, The Hague 89, Luxembourg 30.

MURPHY

840.002/12–2250

The British Prime Minister (Attlee) to President Truman [1]

SECRET LONDON, December 22, 1950.

I was about to reply to your message of 18th December about the new Raw Materials Group [2] when I heard that this question was raised by Dr. Stikker at the Atlantic Council meeting at Brussels. You will of course have had an account of what took place there. There is clearly much misunderstanding about the nature of our proposals and we must clear this up as quickly as possible.

Dr. Stikker and others seem to have got the impression that the proposed Central Group is to have executive powers and a large organisation and they may even believe that it would itself make allocations. This of course is completely wrong. During our meetings in Washington and in subsequent discussions with the French, our representatives agreed that the Central Group would serve only as a sponsoring, co-ordinating and servicing mechanism, that it would not itself make decisions with respect to specific measures affecting production or trade in particular commodities, and that such decisions must rest with Governments represented on the standing Commodity Groups. This means that all executive power will rest with the Commodity Groups on which all the principal producers and consumers are represented. I believe that when our intentions are fully understood there will be much less objection to the plan.

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[1] Note presented to Acheson on December 26 by Ambassador Franks at his meeting with the Secretary, Perkins, and Thorp. A memorandum of the conversation prepared by Thorp on the same day is in Department of State file 840.002/12–2250.

[2] Not printed. For information on the establishment of this Group, see the statement of December 7 by representatives of the U.S. and the U.K., printed p. 1773. For discussion in December of whether NATO or the OEEC should be responsible for the supply and distribution of raw materials, see pp. 682–691.

The only point which divides us at the moment is the size of the Central Group, and the misunderstanding at Brussels makes me even more convinced that the idea which we worked out in Washington was right and that we must confine this to the United States, France and the United Kingdom. This small group would do no more than initiate action—action would be taken, or recommendations made, only as a result of the voluntary cooperation in the Commodity Groups of all the main producers and consumers. If the Central Group is enlarged to only seven or eight (and personally I do not believe it would stop there) it must inevitably become yet another international organisation and we have to face such problems as how to select the members, what its relations should be with O.E.E.C. and N.A.T.O., and what powers it should have. In short, the choice as I see it is between a new international organisation with executive powers of some kind, or an initiating body of three without either powers or sanctions. The discussion at Brussels, which was based on the former conception, shows what confusion will result if once we go beyond the three.

The Group of Three should of course have its own Secretariat and the draft terms of reference already provide for secretarial and statistical assistance to be given to the Commodity Groups upon request. It might also be useful if qualified nationals of interested countries in Europe, Latin America and the Commonwealth could be appointed to positions in the Central Secretariat.

I have noted what you say in the last paragraph of your message and I fully agree that the solution of the difficult problems which lie ahead of us depends entirely on the capacity of our two Governments to concert policy and work together in this field. For the reasons I have outlined, I urge you to go forward initially at any rate, on the original basis of a Central Group of Three. Once this is settled, our officials can work out the exact terms of the announcements, and what the relations should be with O.E.E.C. and N.A.T.O. At that stage too I think we should explain in detail to Dr. Stikker exactly what it is that we propose.

840.002/12–2250

President Truman to the British Prime Minister (Attlee)[1]

SECRET [WASHINGTON, December 28, 1950.]

The Secretary of State has informed me of the unfortunate misunderstanding which developed at the Brussels meeting about our

[1] Message enclosed in a brief letter of transmittal from Acheson to Franks, December 28, 1950, not printed; 840.002/7–2250.

proposals for the establishment of the raw materials machinery. I agree with the view expressed in your message to me of December 22 that we must clear this up as quickly as possible.

The question of the size and membership of the central group is one which concerns us very much, because of its bearing on our relations with many other countries and because of the need for obtaining the full support of other countries in handling this whole raw materials problem. Nevertheless, this question presents many complexities which can only be fully explored across the table.

I am therefore asking the Secretary of State to sit down with Sir Oliver Franks and Ambassador Bonnet and see whether they can not arrive at some mutually acceptable understanding as promptly as possible.

740.5/12–2950 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, December 29, 1950—8 p. m.

325. Genl Gruenther today conveyed fol info to Standing Grp and Accredited Reps of NAT countries (Iceland had no rep present at Gruenther mtgs today) concerning Genl Eisenhower's trip to Europe and estab of SHAPE. You may wish to make this info available orally to govt to which you accredited.

1. Genl Eisenhower plans leave US Jan 5 or 6 for quick survey trip to Eur. Purpose of trip is to orient himself with problems facing Supreme Commander and raise with countries any matters which appear appropriate at time. He will proceed directly to Paris where SHAPE Advance Planning Grp has been estab in Hotel Astoria. It is Genl Eisenhower's hope to be able to visit all NATO countries this trip but schedule will not be complete until late Jan 2.

2. Genl Eisenhower is studying structure of command which he shld have in SHAPE org. One proposed plan contemplates a CinC North, CinC Central, and CinC South. A second plan proposes there be a CinC North and CinC South with the Central sector directly under SHAPE's command. A third solution wld place all major units initially under SHAPE, deferring until later date ques of estab of CinC's. Genl Eisenhower has formed no tentative views as to which of these solutions is preferable or even whether there may be better solution not yet being considered. One of purposes his visit to Eur will be to secure any suggestions various Chiefs of Staff might care to offer on this matter.

3. Genl Eisenhower is also studying the org of HQ but no decision on that matter will be made until command structure is determined.

4. There have been speculations in press as to designation of sub-

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[1] Sent to Brussels, Ottawa, Copenhagen, Paris, The Hague, Oslo, Rome, Lisbon, and London; repeated to Reykjavik and Luxembourg.

ordinate commanders and of senior staff officers in SHAPE. All these are without foundation. Genl Eisenhower has all these matters under consideration but will retain an open mind on them until he has made his trip.

[Here follow details on selection of personnel for planning and liaison duties and on the schedule of the European trip.]

ENCOURAGEMENT BY THE UNITED STATES OF EFFORTS TOWARD THE ECONOMIC AND POLITICAL INTEGRATION OF WESTERN EUROPE [1]

CONTINUED ECONOMIC ASSISTANCE; INCREASED INVOLVEMENT OF THE UNITED STATES IN DECISIONS OF THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION; PROBLEMS OF THE RELATIONSHIP BETWEEN THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION AND THE NORTH ATLANTIC TREATY ORGANIZATION

340.240/1–550 : Telegram

The Ambassador in Belgium (Murphy) to the United States Special Representative in Europe (Harriman [2])

TOP SECRET BRUSSELS, January 5, 1950—3 p. m.

1. Eyes only Harriman repeat Secretary State eyes only Secretary. Ockrent [3] informs Embassy that Belgian Embassy Paris has been advised Norwegian Ministry at Hague has made personal and confidential *démarche* to Stikker [4] in name of Scandinavian countries asking Stikker to be candidate for contemplated new position in OEEC. The Norwegian *démarche* was made on ground that it was common opinion Scandinavian countries this position should be given to personality with active Ministerial rank. The Norwegian *démarche* is known to certain delegations in Paris.

Ockrent added he was conveying this information through me to Harriman with consent of Van Zeeland.[5]

Ockrent gave his personal comment on above as follows:

(1) It is not necessary to create special position if contemplated post is to be given to Minister. It would be sufficient for Minister to be President or Vice President.

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[1] Continued from *Foreign Relations*, 1949, vol. IV, pp. 367 ff. For related documentation on military and political aspects of European integration, see *ibid.*, pp. 1 ff. and pp. 1 ff. in the present volume.

[2] W. Averell Harriman, appointed under Section 108 of the Economic Cooperation Act of 1948. For further responsibilities, see telegram 156, January 31, footnote 1, p. 13.

[3] Roger Ockrent, Secretary General of the Belgian Administration of ECA.

[4] Dirk U. Stikker, Dutch Minister of Foreign Affairs and representative on the Organization for European Economic Cooperation (OEEC). For background information on the proposed creation of a position of OEEC Conciliator, see *Foreign Relations*, 1949, vol. IV, pp. 367 ff.

[5] Paul van Zeeland, Belgian Minister of Foreign Affairs, Chairman of the OEEC Council since August 15, 1949.

528–933—77——40

(2) This *démarche* seemed to Ockrent to have for its final objective candidacy of Lange [6] adding it is evident that Stikker who has already indicated agreement to designation of Spaak [7] would not "give effect" to *démarche* of which he is object.

Ockrent said Van Zeeland was transmitting copies of Spaak's letter of December 30 [8] to Cripps,[9] Schuman,[10] Stikker and Pella [11] in reply to their request that Van Zeeland take up question with Spaak on terms last proposed. Van Zeeland is also sending copies of Spaak's letter for information to Lange, Castro Fernandez,[12] omitting Greek representative owing to latter's absence from meeting.[13]

[Here follows the remainder of this telegram further describing the distribution of Spaak's letter and summarizing Ockrent's personal views on the Portuguese, Scandinavian, and British opposition to Spaak as a candidate for the proposed new post in the OEEC.]

Sent Paris 1; repeated Department 10.

MURPHY

[6] Halvard M. Lange, Norwegian Minister of Foreign Affairs.
[7] Paul Henri Spaak, former Belgian Prime Minister and Minister of Foreign Affairs, President of the Consultative Assembly of the Council of Europe, Chairman of the OEEC Council from April 16, 1948, to August 15, 1949.
[8] Letter to van Zeeland from Paul Henri Spaak, outlining his conception of the duties attendant on the proposed new post of political director of the OEEC. For background information on Spaak's decision to write this letter, see the compilation on economic recovery of Western Europe, *Foreign Relations*, 1949, vol. IV, pp. 367 ff.
[9] Sir Stafford Cripps, British Chancellor of the Exchequer.
[10] Robert Schuman, French Minister for Foreign Affairs and French representative on the OEEC.
[11] Giuseppe Pella, Italian Minister of Budget and Treasury and Marshall Plan Affairs.
[12] Antônio Júlio de Castro Fernandes, Portuguese Minister of National Economy.
[13] For an account of this meeting of the OEEC Consultative Group on December 20, 1949, see Repto 8075, December 21, 1949, *Foreign Relations*, 1949, vol. IV, p. 464.

103.02 ECA/1–1250 : Telegram

The United States Special Representative in Europe (Harriman) to the Secretary of State

SECRET PARIS, January 12, 1950—9 p. m.

Repsec 3. Personal for SecState and Hoffman [1] from Harriman. At Schuman's suggestion Bruce [2] and I called on him today. He expressed himself as satisfied with Spaak's letter to Van Zeeland

[1] Paul G. Hoffman, Administrator of the Economic Cooperation Administration.
[2] David K. E. Bruce, U.S. Ambassador in France.

and said that he would give the proposal his full support and indicated that he did not believe there would be serious difficulty from any country except Portugal. He thought Cripps would now accept and the Scandinavian countries would withdraw their objection, but felt that we were the only ones who could exert influence on Portuguese Government. You will recall how vigorously Portuguese opposed selection of Spaak at last meeting of Consultative Group.[3] I share Schuman's concern over Portuguese attitude and had independently come to the conclusion that unless strong pressure were exerted in Lisbon by US, Portuguese representative at next meeting would be instructed to unalterably oppose Spaak. I, therefore, urge that our Ambassador be instructed to bring strongest possible influence to bear prior to the Consultative Group meeting tentatively scheduled January 28. Unless we are successful in persuading Portuguese Government to withdraw personal objection to Spaak feel the whole concept will be delayed to point of frustration, since Spaak is in fact the only outstanding personality available. I am personally not quite as optimistic as Schuman about withdrawal of Scandinavian and British objection, particularly if they have the screen of vigorous opposition from Portugal to hide behind. I am ready to go to Lisbon if MacVeagh [4] feels after further talks that my presence can be of use.

HARRIMAN

[3] The Consultative Group of the OEEC.
[4] Lincoln MacVeagh, U.S. Ambassador in Portugal.

740.00/1–1950

Memorandum of Conversation, by the Counselor of the Department of State (Kennan)

CONFIDENTIAL [WASHINGTON,] January 19, 1950.

Participants: Secretary of State Acheson
The Honorable Paul Henri Spaak
Baron Silvercruys, Belgian Ambassador
George F. Kennan

The discussion began on the subject of European integration. Mr. Spaak stated that the word "integration" was foreign to European usage, and that he liked to conceive of it as the "organization" of Europe. It was his view that the U.S. had to assert real pressure on the Europeans to improve their international collaboration. The central problem in all this, he felt, was the attitude of the British. He

thought it essential that the British reluctance to enter into continental arrangements be overcome. He was not able to specify just what concrete projects of closer organization we should press upon the Europeans but was sure that a firmer U.S. influence was required.

With regard to the Saar, he thought that Mr. Schuman was trying to improve his position in the French Government by taking a tough line with the Germans in this instance. He felt that some day the principles of the Ruhr Authority[1] might conceivably be applied to all of the mining and heavy industries of the Rhine Valley, and that the problem of the mines and industries of the Saar could be solved in this way.

He hoped that it would soon be possible to make progress toward greater European unity by arrangements under the Council of Europe which would bridge the gap between purely consultative deliberations involving the complete individual veto, on the one hand, and arrangements which would imply the forfeiting of sovereignty, on the other. He thought this might be done by a system under which the Consultative Assembly might make recommendations to the Council of Ministers,[2] which in turn, by a straight majority vote, might oblige each of the participating governments to submit the proposal in question to its respective parliament for consideration. The parliamentary action would be entirely free, and in this respect the parliaments themselves might be said to have a veto; but the governments could not prevent the question from reaching the parliaments.

[1] See footnote 2, p. 696.

[2] Reference here is to the two principal organs of the Council of Europe: the Consultative Assembly with headquarters in Strasbourg and the Council of Ministers with its permanent secretariat in Brussels.

840.00R/1–2450 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

SECRET BRUSSELS, January 24, 1950—6 p. m.

112. I saw Van Zeeland today on his return from Paris. He told me that he dined with Schuman and Petsche[1] last evening and expressed himself as encouraged over their attitude toward the question of

[1] Maurice Petsche, French Minister of Finance and Economic Affairs.

eventual progress toward western European economic integration. Van Zeeland said, however, that he told the French bluntly that in his opinion the experts had made no progress whatever in the financial and trade fields during the past weeks. He said he discussed his theories regarding adjustments in the field of prohibitive tariffs with particular reference to agriculture, coal, and steel—pointing out that the French plan of gradual approach in his opinion would fail and that there must be "one hundred percent approach" with a flexible basis for each of the principal different commodities. He referred to the formula which had been adopted in Benelux in the field of agriculture as an example of what must be done for western Europe. He said also that he had conversations with MacBride and Gruber [2] and that they had arrived at an agreement under which, as President and Vice Presidents of the Council of Ministers of OEEC, each would spend two days weekly in Paris and on the fourth week the three would meet for consultation. They would also make a division of the work in OEEC which each would supervise, thus distributing the load.

Van Zeeland expressed disappointment but not surprise over the firm British opposition to Spaak announced in Department's intel of January 23.[3] He, of course, has been aware of the unyielding British attitude on this subject. In his opinion Spaak's public remarks [4] on this subject while Spaak was in the US had a most unfortunate effect on British opinion but in addition Van Zeeland advances view that Spaak as a Socialist is more useful to the British if remains within Belgium itself where he would exercise an influence favorable to British views in respect of the royal question and in certain economic matters. Spaak, paradoxical as that may seem in view of foregoing, is not welcome to the British Labor Party according to Van Zeeland as an influence in international European matters.

Van Zeeland again expressed firm conviction that Stikker would not accept the OEEC position as offered him.

Sent Department 112; repeated Paris 35 (Paris pass OSR), London 24, The Hague 12.

MURPHY

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[2] Séan MacBride, Irish Minister for External Affairs, and Karl J. Gruber, Austrian Minister of Foreign Affairs.

[3] Not printed.

[4] Speech at the University of Pennsylvania, January 14, 1950, entitled "Britain and a United Europe," published in the London *Daily Telegraph and Morning Post*, January 17, 1950.

103.02 ECA/1–2450 : Telegram

The Secretary of State to the United States Special Representative in Europe (Harriman), at Paris

SECRET PRIORITY WASHINGTON, January 24, 1950—7 p. m.

Secrep 17. Brit Amb has confirmed to me [1] that Spaak would be unacceptable to Brit for OEEC position particularly in light of *Daily Telegraph* article mentioned by Kenney in his Toeca 81, January 19.[2] Franks said he had been instructed to request us to approach Spaak and ask that he withdraw his candidacy. I have told Franks that we do not consider ourselves committed to Spaak, that any European of stature agreed upon by the OEEC countries would be acceptable to us but that I do not consider it would be appropriate for us to suggest to Spaak that he should withdraw his candidacy.

During my conversations with Spaak prior to foregoing conversation with Brit, Spaak had indicated that he felt Brit, Scandinavians and Portuguese wld continue to attempt to postpone action on appointment. My conversations with Spaak were in general terms and not confined to OEEC issue and no specific commitments of any kind were made to him. Spaak reiterated his views on European integration with which you are already familiar.

In light of my recent conversations with Spaak and with Brit, I believe it would be a mistake to continue to push candidacy of Spaak. He could only be successful if he had full support of OEEC members. In face of flat opposition from Brit and varying degrees opposition from Portuguese and Scandinavians further support might possibly do more harm than good. I am confident Spaak realizes that we have from the first felt that he cld have made a unique contribution to the organization and that he will recognize that further action on our part might jeopardize his own future as well as that of the OEEC.

I do not feel that it is necessary for us to alter our view on the desirability for the appointment to the OEEC of some outstanding European. Franks indicated that the Brit were willing to "go along" with the establishment of the position and suggested that Stikker might be a generally acceptable candidate.

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[1] On January 20, Sir Oliver Franks spoke with Secretary of State Acheson and Assistant Secretary of State for European Affairs George Perkins on several subjects related to ECA procedures in Europe. He briefly mentioned fund allocation, liberalization of trade, dual pricing, and currency interchangeability as matters that the British Government was not able to act upon at the present time. The Ambassador said his chief concern, however, was with the question of Spaak's candidacy for the proposed new position in OEEC. Acheson's memorandum on this conversation, dated January 20, not printed, is in Department of State file 411.409/1–2050.

[2] Telegram from W. John Kenney, Chief of the ECA Mission in the United Kingdom; not printed.

Sent Paris for Harriman and Bruce; rptd to London for Holmes [3] as 333 and to Brussels for Murphy as 86.

ACHESON

[3] Julius C. Holmes, Counselor of Embassy in the United Kingdom.

840.00R/1–2450

Minutes of the Seventh Meeting of the Policy Planning Staff, January 24, 1950

TOP SECRET [WASHINGTON,] January 24, 1950.

Present: [1] George Kennan
Paul Nitze [2]
Charles E. Bohlen, Minister, Embassy Paris

Mr. Bohlen began by stating that in 1947 our policy toward the Continent of Europe was laid on a foundation which made no distinctions between Great Britain and other European countries. Great Britain, in fact, took the lead in the formation of the OEEC and the Brussels Pact. In September 1949, during the U.S.-British-Canadian conference in Washington, the newspaper stories by the Alsop brothers,[3] Walter Lippmann,[4] and others, coupled with the manner in which the conference was handled,[5] led the Europeans to believe that a basic historical change was taking place in our foreign policy in this respect in that the United States was going to press for U.S.-Canadian-British association on the one hand, and a separate Continental European association on the other. Mr. Bohlen remarked that it was immaterial whether, as Mr. Kennan pointed out, this attitude was based simply on newspaper stories and in the face of the signing of the Atlantic Pact a few days before. He added that the British spread everywhere the story that the United States was going to shift to this new position.

Mr. Bohlen said that if Great Britain were cut out of Europe there was no hope of an integrated community there. The British are playing the dual role of a European country with overseas commitments and an empire with European connections. Which one should receive the greater emphasis? The U.K. should, in his opinion, take

[1] Also present were Ware Adams, Lampton Berry, George Butler, John Davies, Dorothy Fosdick, Robert Hooker, Robert Joyce, Carlton Savage, Harry H. Schwartz, and Robert Tufts of the Policy Planning Staff, Richard M. Scammon, Chief of the Division of Research for Western Europe, and Walter K. Schwinn, Chief of the Public Affairs Overseas Program Staff. The minutes were prepared by H. H. Schwartz.

[2] Paul H. Nitze, Director of the Policy Planning Staff.

[3] Stewart and Joseph Alsop.

[4] Special news correspondent for the New York *Herald Tribune* and other newspapers.

[5] For documentation on this conference and related publicity, see *Foreign Relations*, 1949, vol. IV, pp. 781 ff.

a leading role on the Continent. He expressed the view that the French could not assume the leadership on the Continent, pointing out in this regard that the Dutch, for example, would not accept French leadership. The question is, then, can the U.S. somehow lighten Great Britain's overseas burden? What we cannot do is either encourage her to drift away from the Continent or force her closer into the Continent. Mr. Kennan suggested that we should separate military from political alliances on this subject. The U.S. has a military alliance with Europe without political connections. Why cannot Great Britain do the same? Mr. Bohlen said that the British may be opposed to a strong European federation and expressed the view that faced with one on the Continent, the British might make private deals with Germany.

Mr. Nitze said that it was very difficult for the United Kingdom to join a European federation not only because of her Commonwealth ties but also because of her internal policies. On the other hand, the question was whether or not you would have a strong enough organization on the Continent if Great Britain were not a part of it. He raised the question of whether federation was the best objective in this regard, or the right technique. Mr. Bohlen replied that the Continentals have not yet reached the point of looking to full federation but that Mr. Harriman is of the opinion that the British have violated their commitments under the Marshall Plan through lack of cooperation economically with the European Continental countries on matters less binding than political federation. Mr. Nitze agreed that the British had been back-sliding in this respect and that we should try to stop it.

Mr. Bohlen expressed the view that the Europeans were looking at the present and not to the long-term future, and that they would have no objection if at a later date the British, having cooperated to the fullest extent possible, were to say that they could go no further on steps which then would obviously be leading to political union. Mr. Nitze agreed that if you consider their objective one year from now as a clearing union, lower trade barriers, strengthening the Council of Europe, etc., then the full cooperation of the British was needed to accomplish these ends.

Mr. Bohlen expressed the opinion that there were great dangers in looking too far ahead because there are too many intangibles and too many imponderable factors which one cannot foresee; and if you attempt to plan too far ahead, except in your own mind, you find that in discussing the future you produce effects today which may not be, and often are not, appropriate for today's problems. In his opinion, the British are too badly off to think ahead at the present moment

and must expend all their thought on today's problems. Mr. Nitze pointed out that it takes at least two years to think out a policy, obtain governmental agreement, and the necessary public backing and Congressional legislation, and for this reason alone you cannot avoid advance planning. Mr. Kennan said that it is possible to see a certain number of long-range trends in the world and pointed to the increase in German power on the Continent of Europe as an example and one which would seem to call for some advance planning to anticipate the problems that it is bound to create.

Mr. Kennan went on to say that the Staff had come to the conclusion that the more national economies are controlled the less you can talk of integrating them without full political integration, and it is the thought of full political integration with Continental countries that scares the British. The OEEC commitments, however, do not call for a merger of sovereignty but simply for a change in British commercial policy, and he agreed that for better or worse we should press them to make such changes as are necessary to live up to those commitments. Mr. Bohlen remarked that that idea alone would get rid of most of the worries on the Continent, and he thought that the next step was to discuss what we could do to help the British in their overseas empire so that more of their attention could be turned in the direction of Europe. He pointed out in that connection that the present British war plans call for sending the bulk of their armed forces to the Middle East in case of war, and he added that he felt that we and the British make an atavistic distinction between defending Western Europe and defending the British Isles; whereas he fails to see how you can defend the latter without defending the former. He pointed out that even Montgomery [6] feels that the defense of Great Britain should be as far east as possible.

Mr. Kennan said that he thought both the British and American Joint Chiefs are wrong politically in their judgments on these matters, but he did feel that perhaps the British are more right than we are in gambling on the probability that the Russians will be unable to over-run all of Europe and the Middle East simultaneously, that the Russians may very well leave Western Europe alone in event of war and concentrate on the Middle East, in the first place at least, and that, therefore, it is a good risk to prepare for that eventuality.

Mr. Kennan agreed that we must get the British to do their part in the OEEC and related organizations, but he raised the question of how this solves the German problem. Mr. Bohlen, while admitting that the German problem is very real and very imminent, said that he

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[6] Field Marshal the Viscount Montgomery of Alamein, Chairman, Western Union Commanders in Chief Committee.

would give priority to the problem of solving the anomalous position of the British over one of specifically providing for a possible rise in the near future of a dangerous German nationalist. He added that Europe is a patient whom we have been treating and who we can now say will not die but who, during the convalescent period, is showing decided tendencies to drift back into its former bad habits of disunity. We are committed to Europe by the Atlantic Pact whether we like it or not and we have to live up to it and to all its implications. In two fields, we can deal directly with the British and not let anyone else interfere, i.e., atomic energy and Britain's overseas empire. Mr. Kennan said that the demands that the Germans are now making on the Western powers can only be considered as the inevitable concomitant of the whole policy of the Western powers toward Germany since the conclusion of hostilities, and that, in his mind, the problem still remains bound up with the fact that with Great Britain playing an active role in a European association, federation is impossible and that without federation there is no adequate framework within which adequately to handle the German problem.

Mr. Bohlen said that ever since the war we have been putting every pressure on the French to do something or other and very little on the British, and that the historic feeling of fraternal association with the British, enhanced by our wartime partnership, has led to an assumption on the part of this government of the basic correctness of British positions without subjecting those positions to critical examination.

Mr. Kennan suggested that the question is either one of OEEC type of association between the British and the Continental countries or federation. He expressed the opinion that if the British joined the European federation, the dominions would cut their ties with Great Britain. Mr. Bohlen replied that perhaps what we should really face then was the dissolution of the British empire. Mr. Kennan said that dissolution of the empire was not in our interest as there were many things the Commonwealth could do which we could not do and which we wished them to continue doing. Mr. Bohlen said that if we encourage the British in their attachment to their overseas empire, they will drift away from the Continent and that if they drift away from the Continent, they will drift into opposition to it; but suppose that the empire dissolves of its own accord, what have we then? Mr. Kennan remarked that the British can still call a Colombo conference [7] and Mr. Nitze added that, although it is certainly an evil, the sterling balance problem itself is a bond holding the Commonwealth together. Mr. Bohlen suggested that the Colombo conference might be the dying

[7] A conference of British Commonwealth Foreign Ministers, held at Colombo, Ceylon, in January 1950.

glow of a setting sun and that while such things were useful, he questioned whether they were worth the damage which the British attitude toward them created on the Continent. Mr. Nitze said that he saw no conflict between the two because the more we help the empire the more the British would be able to participate in European affairs. Mr. Bohlen agreed and said that the British were using the empire as an excuse to stay out of European affairs. Mr. Nitze suggested that if the Labor Party were reelected in February we might find them willing to take the lead on the Continent from us.

Mr. Kennan said that he saw certain things that we could do vis-à-vis the British: (1) we could straighten them out on their ideas of military planning with regard to the Continent; (2) we could press them to live up to their economic commitments; and (3) we could make strenuous efforts to see that they do not oppose European unity; but, he added, such a policy does not take into consideration the basic problem of Germany and the merger of sovereignty required for a federation. Mr. Bohlen replied that perhaps too much emphasis is given to the question of mergers of sovereignty. It is a slow process; perhaps the most that you can ask is that you move generally in that direction. When you reach the point where the British can go no further, then you can solidify the superstructure on the Continent; but you will have nothing on which to erect a superstructure if the British continue to obstruct cooperative mechanisms.

Mr. Nitze said that it seemed to him that what Mr. Bohlen was suggesting was that there be a special relationship between the United States and the United Kingdom with regard to the Commonwealth and that the U.S. withdraw and let Britain take the leadership in Europe. Mr. Kennan stated his opinion that the British cannot do anything in Europe which we will not do with them, to which Mr. Bohlen replied that the British do not have the great gulf between their Parliament and people on the one hand and government on the other that exists between the people and the Congress of the United States and the American Government, and that they can do many things that are difficult for us to do for that reason. Mr. Nitze said that it is obvious to him that Europe cannot stand on its own feet during the next five years and he did not see how we could help them if we were playing second fiddle to the British. Mr. Bohlen replied that as long as we are occupying Germany and are in the Atlantic Pact we won't be playing second fiddle. Mr. Kennan said that the British may be able to negotiate with the Europeans more easily than we can by virtue of the reasons given by Mr. Bohlen, but they can't actually do anything—we will have to do it.

Mr. Bohlen said that our maximum objective should be the general one of making common European interests more important than individual national interests, and he felt that in this context there has already been considerable progress, however slow. Mr. Kennan agreed but said he was convinced that the British were not going into a European federation, in which case the question still remained as to what to do about Germany. Mr. Bohlen said that he felt we could not reject the idea that the British might not someday join a European federation. Mr. Kennan replied that the Germans and the British would not fit into a federation together as basically they are competitors. Mr. Bohlen said that the answer you come to in the end is that the European problem is unmanageable.

When asked by Mr. Nitze what specifically Mr. Bohlen objected to in the telegram (No. 4013 of October 19, 1949, to Paris,[8] for Perkins), Mr. Bohlen pointed to two parts which he felt bracketed the U.S. and the U.K. together and which insisted on French leadership on the Continent.

In reply to a request for specific suggestions in regard to the European policy on this whole issue, Mr. Bohlen suggested that (*a*) the U.S. and the U.K. form a partnership with respect to Britain's overseas problems; and (*b*) in return for relieving the British of some of these burdens, the U.K. would adopt a more positive approach to the Continent and would attempt to work out with the other Continental European countries the integration into Western Europe of Western Germany. The U.S. would remain committed in Europe by the Atlantic Pact and a partnership with the British and French directed to solving the German problem. In this connection, he added that it was important to divide the British problem into its European and Overseas halves. (*c*) Furthermore, he suggested that in April the foreign ministers of the U.S., U.K., and France meet to exchange views on the German problem and that they have a series of conversations designed more to explore their mutual problems on a broad basis rather than to reach concrete decisions on specific points.

Mr. Nitze pointed out that the British want another British-U.S.-Canadian conference[9] and asked about French reaction. Mr. Bohlen said that there was no objection to that as long as the Continentals were properly prepared beforehand and were not given the impression that the three countries were discussing the fate of Europe, which was the impression created by the poor preparation for the September conference.

Mr. Tufts will attempt to draw up a paper which will meet with the approval of Messrs. Bohlen, Kennan, and Nitze and will be a helpful guide to the Department on this whole problem.

[8] *Foreign Relations*, 1949, vol. IV, p. 469.

[9] For a list of participants and a joint communiqué on this economic conference in Washington, September 7–12, 1949, see *ibid.*, editorial note, p. 832 and p. 833, respectively.

840.00R/1–2750 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, January 27, 1950—4 p. m.

394. For Hebbard from Treasury. For your info NAC [2] took following action Jan 23.

"The National Advisory Council advises the Administrator for Economic Cooperation that:

I. The Council considers that in the estab of any European clearing union designed to further progress toward the objectives of econ integration and ultimate full convertibility of currencies the following conditions should be met:

1. The operations of the proposed clearing union shall not conflict with obligations undertaken by the US and other member governments to the International Monetary Fund;

2. The estab of the clearing union on the regional basis proposed shall not prevent any one participating country from moving as rapidly as possible toward full currency convertibility, nor prevent any group among the participating countries from moving as rapidly as possible toward full currency convertibility and closer integration, independently of the rate of progress evidenced by the other members of the clearing union.

II. In order to insure fulfillment of the foregoing stipulation the NAC recommends with respect to:

1. *Financial Operations of and US Contribution to a Clearing Union.*

(*a*) The US might reasonably concur in any arrangements which the Administrator might work out with the European countries as to the provision of credits by participating countries in local currency which might be used on a multilateral basis.

(*b*) Conditional aid dollars might be made available to debtors in specific amounts which might be used multilaterally to cover 'structural deficits' with other participants. This money, as present conditional aid, might be supplied by the US.

(*c*) Provision might be made for dollar payments on an 'automatic' basis to be made by debtor countries through the clearing union to the creditor countries. Arrangements should be worked out whereby at the earliest practicable date, and not later than June 30, 1952, net dollar payments by debtors to the clearing union are at least equal to any net dollar payments from the clearing union to creditors so that the question of any US financing would not arise beyond that date. The ECA would fix a maximum limitation on its obligations for such financing.

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[1] Repeated to Paris as 367 for Tomlinson, Rome as 307 for Kamarck, Stockholm as 42 for Breithut, Cairo as 70 for Polk, Brussels as 106 for Wood, and Frankfort as 568 for Pumphrey.

[2] National Advisory Council on International Financial and Monetary Problems. The same abbreviation is used for the North Atlantic Council.

(*d*) The US should not make any contribution to a fund from which loans would be made by a clearing union to debtors on a non-automatic basis in essentially the same way as IMF drawings.

(1) The ECA may, however, modify its allocation of aid to individual countries upon the recommendations of a clearing union, to take account of payments positions of such countries relative to the clearing union

(2) provided that no action should be taken by ECA upon any such recommendation involving a question of concern to the IMF until the IMF has had a reasonable opportunity to reach a judgment and to express its views and they have been considered by the US Govt.

2. *Management of Clearing Union and US Participation Therein.* In order to avoid any possible US involvement in conflict of recommendations made by the clearing union on monetary policy and those of the IMF, the US should not participate in the management of the clearing union. This would not preclude a US observer in the union for the duration of the ERP period only; nor would it preclude US veto power on any use of funds contributed by the US under 1 above.

III. With respect to the memorandum of January 12, 1950, from the Managing Director of the IMF, the NAC instructs the US Executive Director to assure the Managing Director that the US fully recognizes the interest of the IMF in any European clearing union and also indicate the hope of the US that the IMF will proceed promptly with consideration of the relationship which ought to be worked out between the IMF and any European clearing union. As an immediate first step, the US will propose that a Fund rep be invited to participate in the meeting of the special comite of the OEEC which is now discussing the clearing union proposal."

ACHESON

840.00R/1–3050 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET LONDON, January 30, 1950—8 p. m.

534. In course informal talk with McNeil [1] this afternoon on several matters, he expressed his disappointment at course which Paris meeting [2] had taken. It was unfortunate, he said, that impression had been

[1] Hector McNeil, British Minister of State.

[2] On January 25, Hoffman and Harriman met with Sir Stafford Cripps. On the 26th and 27th, the Consultative Group of Ministers of the OEEC met. In attendance, in addition to Hoffman and Harriman, were Milton Katz, Deputy Special Representative in Europe for the ECA, and Richard M. Bissell Jr., Assistant Administrator for Program, ECA.

given US that British Government was opposed to a payments union.[3] It was definitely in favor.

He hoped that the snags which British experts did not foresee in early phases would be overcome as a result of further study. He doubted whether study could be completed and decisions taken before general election February 23. He appreciated the difficulty this would put Hoffman in when testifying before Congress but said it would not be easy for an expiring government actually to take a decision on payment union with only a few days left of its mandate.

Sent Department 534; repeated Paris 151. Pass ECA and OSR.

HOLMES

[3] The development of a European Payments Union (EPU) that would include the United Kingdom was a primary goal in U.S. encouragement of the economic integration of Europe.

840.00R/2–750 : Telegram

The United States Special Representative in Europe (Harriman) to the Embassy in the United Kingdom

SECRET PARIS, February 7, 1950—3 p. m.

Repto 119. Reference: Repto 669 [1] to Dept rptd Hague Repto 68, Brussels Repto 51, Rome Repto 117, Paris Repto 49. Following for your information is text of telegram we have just sent to FINEBEL [2] countries:

"Sent Brussels Repto 54, The Hague Repto 71, Rome Repto 123, Paris Repto 51, rptd Secstate Repto 687, Luxembourg Repto 4 dated Feb 6.

Reference Repto 669 to Dept, repeated Hague Repto 68, Brussels Repto 51, Rome Repto 117, Paris Repto 49.

Supplementing reftel, we have replied to French inquiry regarding our position concerning FINEBEL and incorporated that position in oral statement being delivered to Alphand [3] today. Text follows:

> 'It is understood that the participating countries will press forward to reach agreement at the earliest possible moment upon an all-inclusive European payments union which will give effect to both the spirit and the letter of the OEEC decision of Novem-

[1] In Repto 669 from Paris, February 4, not printed, Harriman said his office would continue to press the OEEC for an all-inclusive European Payments Union (840.00R/2–450).

[2] A hypothetical combination of France, Italy, and the Benelux countries in a regional economic union.

[3] Hervé Alphand, French Ambassador to the OEEC.

ber 2, 1949.[4] At the same time, ECA would welcome a decision by the countries concerned to go forward with FINEBEL under arrangements which accord with the objectives set forth in the OEEC decision of November 2, 1949. The precise terms and geographical scope of FINEBEL will, of course, be a matter for settlement by the countries concerned. It is understood that the usefulness of the arrangements will depend largely upon the promptness with which they can be put into effect. A question has been raised of possible ECA financial assistance, although it appears to be uncertain whether any dollar aid will in fact be needed. To the extent that dollar assistance may be shown necessary to facilitate the workings of agreed arrangements up to June 30, 1950, the ECA would consider sympathetically a request for such assistance.

It is understood that any such financial aid would be made available in accordance with approved US procedures.'

Please approach the responsible Minister or official of your Govt concerned with FINEBEL decisions, informing him of French inquiry and outlining for him ECA reply. Please leave with him copy of above oral statement emphasizing informal confidential character this document which should be communicated without delay in view possible FINEBEL meeting February 9. Please report your view FINEBEL prospects under present circumstances."

We leave to your discretion whether you should informally advise British Govt of above or should await inquiry as to US attitude toward FINEBEL. This attitude was only stated after receipt of French inquiry. Petsche informs us he discussed FINEBEL with Cripps, who stated British Govt had no objections.

HARRIMAN

[4] See circular telegram Repto 382, November 10, 1949, in *Foreign Relations*, 1949, vol. IV, p. 445.

103.02ECA/2–750 : Telegram

The Chargé in Ireland (Everett) to the Secretary of State

SECRET DUBLIN, February 7, 1950—5 p. m.

48. Last evening MacBride and Boland [1] gave me their impressions of last OECC Council meeting in Paris from which they have just returned. They felt after conversations with Van Zeeland, Spaak and others that fundamentally little progress was made and that psychologically the situation was worse than before the meeting. They were agreed in saying that no previous meeting had to an equal degree left in the minds of participants such a feeling of frustration and loss

[1] Frederick Boland, Under Secretary in the Irish Ministry for External Affairs.

of purpose. They are of the opinion that the reservations and restrictions to the proposed measures were mainly, though not entirely, British or British-inspired and that the sentiment prevailing among the delegates of continental countries was that the American attitude wasn't sufficiently firm. This feeling appeared to be particularly marked in the case of the Belgian, German, and Austrian representatives but was also shared in varying degrees by others. MacBride said he sensed a feeling of uneasiness among the continental representatives and he considered the greatest danger in this to lie in the possibility that each country might tend to fall back upon itself and go its own way. Both MacBride and Boland appeared convinced that a firmer American attitude was necessary in order to restore confidence.

They consider the compromise appointment [2] of Stikker as a step in the right direction but, while liking him personally, described him as leaving the impression of an "honest businessman" whose experience and personality would possibly not enable him to play an outstanding role.[3]

EVERETT

[2] Reference here is to the position of "Political Conciliator" considered earlier for Spaak. The appointment was by unanimous vote of the OEEC Council at its meeting of January 31, at which Harriman and Hoffman were present. The arrangement was considered experimental, and Stikker planned to continue his duties as Dutch Foreign Minister.

[3] The Council of the OEEC ended its session on February 1 after approving proposals aimed at removing 60 percent, and later 75 percent, of the restrictions on the import of goods between member nations, subject to the formation of a European Payments Union.

840.00R/2–1350

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State [1]

SECRET [LONDON,] February 11, 1950.

1. I have been giving further thought to the German problem. I am convinced that this must be tackled again without delay and dealt with as a whole. I do not consider that it is wise, or indeed possible, to try to separate the political and economic sides of the problem.

2. On the economic side we are confronted with the present state and future development of the German economy and with the relationship of the German economy to the remainder of Western Europe; and the latter, in turn, links up with the question of liberalisation of

[1] The message was left at the Department of State on February 13 by Sir Frederick Hoyer Miller, Minister in the British Embassy, with the request that it be delivered to the Secretary of State and that copies be made available to the Treasury Department and to Paul Hoffman of ECA.

trade, European payments, and possible closer economic regional groupings in Europe, which were discussed at the recent O.E.E.C. meetings in Paris.

3. You will have heard that as far as a European Payments scheme is concerned some serious, but we hope not unsurmountable, difficulties emerged from the expert examination in Paris, among them the relationship between a European Payments Union and the Sterling system. We are going into this further and will later have informal discussions with representatives of Mr. Harriman's mission. We are anxious to co-operate, and we shall make every effort to devise proposals which will enable the Sterling Area to play its part in a satisfactory scheme of European payments.

4. In the meantime, we know that suggestions are being made to our European colleagues that they should make progress with Payments arrangements with or without the United Kingdom, and also with the so-called "Finebel," which may amount to much the same thing. We are not clear what the "Finebel" plan is at the present stage. We, of course, appreciate the pressure of the Congressional time-table and the preoccupation and anxieties of the United States Administration and E.C.A. about the next appropriation for the European Recovery Programme. At the same time, we fear that the short-term advantages may obscure the long-term dangers of such a course to the relationship both of the United Kingdom and Germany to the rest of Western Europe.

5. As far as the United Kingdom is concerned, we believe that if a limited Payments scheme is now set up, a process will have been started which may lead to a permanent division between the Sterling Area, and perhaps Scandinavia, on the one hand and the "Finebel" Countries on the other.

6. In the second place, the establishment of a limited Payments scheme involves a decision on the relationship of Germany to that scheme. I believe it is premature to force this decision now, since it would be taken in a particular context without consideration of the problem as a whole, and in any case before we have had an opportunity to review the problem in its entirety with our French colleagues during your hoped for visit to London.

7. For these reasons I took the occasion of my recent journey through Paris to tell the French Ministers of our preoccupations and to suggest that they should not force the issues posed by "Finebel" pending discussion with us both.

8. I hope you will agree with my general outlook. Sir Stafford Cripps and I hope to see Monsieur Stikker in London in the coming week, and we shall go over the ground with him from the same point of view.

9. We must, I fear, take time or we shall be forced into decisions which will have the effect of making such a division in Europe that will rule us out. I am trying to avoid this. Another division economically will mean a great set-back politically.

103.1/2–1450

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

SECRET [WASHINGTON,] February 13, 1950.

Subject: NSC Review of European Integration

The President has directed Jimmy Lay [1] to speak to you about the possibility of the NSC taking up the subject of European integration. I assume that any NSC review of this problem would cover all its aspects—military, political and economic—but you may wish to clarify the scope and purposes which it is contemplated such a review would cover.

A thorough-going and all-inclusive review to establish basic governmental policy in this field would, I believe, be useful. In the field of military planning we must have clarification of the British position. This cannot be achieved without a clarification of the US position with respect, basically, to how far we use the North Atlantic Treaty as an instrument of our military planning and to what extent we remain outside it. In the political field it would be useful, particularly vis-à-vis ECA, to have top-level confirmation of our general position that we must follow the principle of gradualism and that the issue of federalism should not be allowed to arise as a matter of governmental action at this stage. In the economic field the issue is primarily with the Treasury which, supported by several other governmental agencies, seems to be taking more and more a position with respect to convertibility and non-discrimination in relation to the dollar which would cut the ground from under the European trade liberalization program.

I am not competent to determine whether or not such a review could best be undertaken by the NSC or within some other framework, such as machinery similar to that which it is planned to establish to deal with the dollar gap problem. I have some feeling that European integration is a problem, like the dollar gap, on which none of the established agencies can function with full competence. Although there, of course, are military problems, the basic importance of the political and economic aspects seems to me to make exclusive use of the NSC undesirable.

[1] James S. Lay, Jr., Assistant Executive Secretary of the National Security Council.

I would hope that the timing of any high-level review of European integration would enable us to give adequate thought to the difficult issues involved and to prepare carefully the necessary papers. In this connection you may wish to have in mind when you talk to Lay the possibility of our having conversations with the British and other key European countries on this problem, among others, in the Spring. We have been planning, of course, to reappraise our position on integration for these conversations, and any high-level review could most usefully take place after our reappraisal has been completed and prior to the talks.

840.00R/2–1650 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET LONDON, February 16, 1950—6 p. m.

911. 1. We have studied Bevin's message to Secretary of State[1] (Deptel London 705, Paris 628, Brussels 200, The Hague 147, Frankfort 1012, Rome 546, February 14)[2] and discussed it with Harriman last night.

2. Embassy and ECA inclined accept message on face value as genuine expression of British concern over recent developments. It confirms McNeil's statement to us (Embtel 534, January 30, repeated Paris 151), that British favor all-embracing payments union and we have had similar indications from Treasury and Foreign Office officials. Moreover, Cripps told Kenney before latter's departure that problem could be and would be solved, although it would take some time. Finally, our own estimate of British objectives leads us believe they will suggest some way out of present impasse.

3. We think, and have some reason to believe, that Bevin sent message following his return to London in effort redeem situation which Cripps handled so maladroitly in Paris. Foreign Office and Bevin far more sensitive than Cripps to serious political complications which will arise over Germany, not only between Britain and US, but within Europe, if limited payments union is established. Finally, Bevin is naturally always concerned to keep Britain in step with US insofar as possible.

4. We do not think much progress can or will be made in near future establishing limited payments union and Harriman confirms this view. First, OEEC countries will be reluctant to go ahead without UK.

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[1] Message dated February 11, p. 627.

[2] Telegram 705 to London, not printed, transmitted the text of the February 11 message (840.00R/2–1450).

Second, relation of Germany to payments union very complex and OEEC countries will be divided. Finally, Britain will no doubt exert additional pressure on OEEC countries to defer consideration of limited union until Britain has had chance to study problem further.

5. The affirmative position taken by Bevin in paragraph 3 of his message offers an excellent opportunity to press British again to give matter their most urgent attention.

Sent Department 911 repeated Paris 264 Brussels 46 The Hague 37 Frankfort 68 Rome 80.

HOLMES

441.62A31/2–1850 : Telegram

The Acting United States Special Representative in Europe (Katz) to the Secretary of State

SECRET PARIS, February 18, 1950—2 p. m.

Repsec 11. Reference: (*a*) Department 705 to London, repeated Paris 628.[1] (*b*) London 911 to Department, repeated Paris 264.

1. We have studied Bevin's message Secretary of State with great interest. With regard to numbered paragraph 4, reftel (*a*), we wish make it clear that we have adhered to position concerning payments union and FINEBEL as set forth Repto 669,[2] February 4; repeated London Repto 116, and Repto 687,[3] February 6, repeated to FINEBEL countries. The nub of our position set forth first paragraph Repto 669 which reads as follows:

"Since your departure, further discussions here with French officials and within OSR, French Mission, and Embassy have convinced us that no useful results from efforts toward EPU minus or FINEBEL plus possible soon enough to make such efforts wise or practical. We will, therefore, continue emphasis on all-inclusive EPU, pressing forward on basis that this can be achieved in good time. Although bearing in mind and prepared give effect Hoffman's statement of support, if necessary, for EPU involving less than all, we believe undesirable make any further statements to that effect at this time. In view recent confusion, feel it important keep our position clear and simple."

2. As indicated Repto 687, confidential oral statement of our position concerning FINEBEL was delivered to French, Belgian, Dutch and Italian Governments and copy was made available to Cripps on informal basis by ECA Mission to London. We have been at least as aware as British of undesirability "permanent division between sterling area and perhaps Scandinavia on the one hand and FINEBEL countries on the other."

[1] See footnotes 1 and 2, p. 630.
[2] Not printed. See footnote 1, p. 625.
[3] Not printed.

3. OSR staff under instructions carry forward development all-inclusive payments union in every practicable way.

4. We are encouraged by Bevin's message and by views expressed to Stikker by Bevin and Cripps as indications British awareness danger in position to which Cripps has hitherto largely adhered not only in current consideration EPU but also last summer in discussion Intra-European Payments Agreement now in force.

Sent Department Repsec 11; repeated London personal for Holmes and Moffat [4] Repto 153. Personal for Hoffman, Harriman and Foster.[5]

KATZ

[4] Abbot L. Moffat, Chief of the Trade Division, ECA Mission, London.
[5] William C. Foster, Deputy Administrator, ECA.

840.00R/2–2250 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET NIACT WASHINGTON, February 22, 1950—3 p. m.

829. Please deliver following personal message from Secretary to Bevin in answer to Bevin's message contained Deptel 705, February 14:[1]

"1. I fully share your view of the importance of Germany to the problem of the development of closer European association. I hope it will be possible to arrange a meeting, together with the French, sometime this spring for a fresh examination of current European problems. In the meantime I feel it is of first importance that Germany be encouraged to participate fully in liberalization measures. The success of our efforts in this direction will, of course, be dependent upon the willingness of other countries to make reciprocal arrangements regarding Germany.

2. Progress toward the solution of the specific problems of the establishment of the proposed European Payments Union or, failing that, some more limited scheme, cannot in my view await that review. I am very encouraged by your opinion that progress on the wider European plan should be possible. I realize that the plan presents the United Kingdom with very real difficulties in the light of its responsibilities to the sterling area, but I feel sure that a way can be found for the United Kingdom to join a Payments Union based on the principles discussed in the OEEC without too serious a financial risk. I firmly believe that a Payments Union with the participation of the United Kingdom is so much more desirable than the more limited proposal that every reasonable effort should be made to reach agreement on the broad basis before resorting to the less inclusive arrangement.

3. If, however, after further examination it should become clear that agreement on a plan in which the United Kingdom would feel able to participate were not going to be possible, I should feel

[1] See footnotes 1 and 2, p. 630.

that we must go ahead with the development of a trade and payments liberalization scheme among the continental countries.

4. If, contrary to my hope, it should be necessary to go ahead on this more limited basis, I feel it of great importance that Germany be included from the beginning and that any plan be formulated in such a way that the eventual participation by the United Kingdom is not precluded. By this I mean not only that there should be agreement by the participating countries to extend membership to the United Kingdom, but that the plan should be formulated with that in view.

5. I am sure that I do not need to reaffirm to you my strong conviction that the countries of Western Europe, including both Germany and the United Kingdom, must act together if we are to succeed in finding a lasting solution to the German problem."

We will hand British Embassy a copy of this message today stating that we have instructed you to deliver it to Mr. Bevin in London.[2]

In handing British Embassy a copy of the Secretary's reply we propose to refer to Britsh proposal reported in Frankfort's 1486 of February 17,[3] repeated London as 63 to include Germany in sterling transferable account system and to point out that Mr. Bevin's position against making any decision at this time on the relationship of Germany to Finebel because of effect on EPU negotiations appears to be inconsistent with the British proposal in Frankfort to make immediately such a major change in the position of Germany with respect to her trade and payments arrangements. We propose to refer to Mr. Bevin's statement that British Government is making every effort to reach agreement on a broad European payments scheme, to reiterate Secretary's belief that a Payments Union including all OEEC countries is much more desirable than any more limited proposal and to inquire whether in the light of this agreement on our common objective it would not be desirable for British to hold in abeyance their proposal with respect to Germany since, in our view, such a major change in German status would tend to complicate and make more difficult agreement on a European Payments Union. As indicated in ECA telegram Ecato 169 to Frankfort also repeated London,[3] we would not object to reasonable modification present payments agreement between UK and Germany. We do not in any sense wish transfer discussions to Washington and shall point out that we consider London, Paris, and Frankfort to be the proper places for negotiations on the various aspects of this matter.

Paris for Ambassador and Katz, Frankfort for McCloy.[4]

Sent London 829; repeated Paris 757; Frankfort 1180.

ACHESON

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[2] Transmitted by Holmes in a note to Bevin dated February 23, not printed (840.00R/2–2350).

[3] Not printed.

[4] John J. McCloy, U.S. High Commissioner for Germany.

740.00/3–150 : Telegram

The Secretary of State to the Embassy in Belgium [1]

SECRET WASHINGTON, March 1, 1950—7 p. m.

265. For Amb from Perkins. Have requested Bohlen communicate with you to get your evaluation present thinking and ideas of govt to which accredited re problem of Ger and into what org of Western Europe can Ger be integrated. Prefer info be based your knowledge and evaluation and that govts not be approached this matter this time. If however in evaluating info you feel necessary discuss with govt reps pls make clear you are doing so informally for your own info and not under instrs. Desirable Bohlen present this info at forthcoming mtg Douglas, Bruce, Dunn, Harriman, McCloy, Kirk [2] with me which will be another in series of mtgs this group [3] and Ger to be discussed along with other questions.

ACHESON

[1] Repeated to London for Holmes as telegram 936, to Paris for Bohlen as 869, to The Hague as 191, and to Stockholm as 130. In the cables to The Hague, Brussels, and Stockholm, the following sentence was added: "Realize it wld be preferable you present views personally that mtg and am writing explanation why that not feasible." The telegram to Stockholm contained an additional message as follows: "In your case we are not interested so much in Swed views per se as in your evaluation of gen Scandinavian views". (740.00/3–150)

[2] Adm. Alan G. Kirk, Ambassador in the Soviet Union.

[3] Reference here is to the Ambassadors meeting scheduled to take place in Rome in the last week of March. For documentation on this meeting, see pp. 795 ff.

740.5/3–150

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] March 1, 1950.

Present: The Secretary
Foreign Minister Stikker
Mr. Hoffman
Ambassador Harriman
Mr. Fack—Assistant to Stikker
Mr. Edwin M. Martin—EUR/RA

Subject: Exchange of Views between the Secretary and the Netherlands Foreign Minister on Certain Aspects of European Association, with Particular Reference to Economic Problems

The Foreign Minister opened the discussion with an account of his recent visit in London. He found Mr. Bevin much improved in health since his trip to Colombo [1] and with considerable enthusiasm about

[1] See footnote 7, p. 620.

progress toward European integration. Mr. Bevin assured him that the British wanted a Payments Union and promised him a definite proposal to meet U.K. worries before he left London. Unfortunately this had not been possible and the Foreign Minister had received a cable from Bevin only yesterday indicating it would be a matter of a couple of weeks, presumably in view of the results of the election. He did indicate, however, that the Treasury had developed a plan which they hoped would be acceptable.

He found Sir Stafford Cripps considerably less enthusiastic but still pretty much committed to doing something to make the Payments Union possible.

During his visit he also discussed FINEBEL with Mr. Bevin and Mr. Cripps. He did so in the light of a French Cabinet decision, reported at the FINEBEL meeting in Paris by Mr. Schnider, to the effect that Germany could be included only if the British had no objections and if ECA was willing to provide additional dollars to cover potential deficits with Germany. He found Mr. Bevin more strongly opposed to FINEBEL than Sir Stafford, and interpreted this as a reflection of Mr. Bevin's more active interest in European integration generally.

In discussing the FINEBEL situation the Foreign Minister observed that he did not feel the Italians were very enthusiastic about the arrangement and that the real impetus came from the Belgians and the French, but primarily the Belgians. He indicated that as a result of his discussion with Bevin, he and Harriman had agreed that the FINEBEL idea should be put on ice for perhaps three weeks.

I commented that this view had also been expressed to me by Mr. Bevin in a recent letter.

In response to a question from me as to the basis for British reluctance, the Foreign Minister referred as the primary factor to their fear that the very large sterling balances would be spent rapidly and would become claims on the U.K. for gold. In addition, the Foreign Minister felt that the British had a certain amount of reluctance, felt very strongly by Bolton [2] of the Bank of England, to giving up their position as the center of the sterling area and as the banker for a large part of world trade, and that they felt the establishment of the Clearing Union would substantially diminish the importance of this position.

Ambassador Harriman emphasized the role which the Bank of England had played in changing, almost at the last minute, the British position on the European Payments Union and interpreted it

[2] Sir George L. F. Bolton, Executive Director of the Bank of England and of the International Monetary Fund.

as a reluctance to giving up their position of control through bilateral agreements of the international financial policies of a great many countries of the world, a control which enabled them to exercise a substantial influence on world trade. Mr. Hoffman also emphasized this point, adding that the British feared that any giving up of that bilateral control of their trade relations in favor of a multilateral scheme might open their closely controlled and planned economy to pressures it was not prepared to take. Considerable emphasis was laid by Mr. Hoffman on the fact that the British had been for so many years top dog in world financial matters that they were most reluctant to accept the idea of a European payments scheme with a managing board which might be in a position to tell them what policies they should adopt in the financial field.

In response to a question from me as to how long they thought it would take to work out a Payments Union scheme, none of the gentlemen were willing to commit themselves, though Mr. Harriman felt that it would be before 2:00 a. m. on July 1 as had been the case last year. Mr. Harriman said that he would not be surprised if we saw again this spring a drive on the part of the British to bring the European countries into the sterling area in some fashion, converting the European Payments Union into some form of Sterling Union. The Foreign Minister responded that no continental country would accept an arrangement of that kind. They did not want to be in a position of having to hold sterling or having to look to the Bank of England for permission to use their resources.

Ambassador Harriman opened up a discussion of the problem of dual pricing with a strong statement about the importance of pressing ahead with its elimination. He called attention to the excellent report by the OEEC condemning the practice, and to the fact that it had been accepted by all countries except the U.K.

Mr. Hoffman emphasized vigorously the fact that the U.K., in November, had committed itself to the elimination of dual pricing and that we were therefore not imposing our will on them but merely asking them to live up to a firm commitment made by them.

The Foreign Minister indicated that he felt that Sir Stafford Cripps would be very difficult in the problem of dual pricing and that he wanted to concentrate his efforts for the present on the Payments Union as the more important problem. Mr. Hoffman said that he had no objection to whatever timing the Foreign Minister and Ambassador Harriman felt was desirable but could not emphasize too strongly the necessity of the U.K. taking positive action in this field. Mr. Hoffman referred to the very strong criticisms which he had been receiving from the Congress with respect to the U.K. position on various parts

of the ERP program and indicated that he felt it would be much simpler to get the ECA legislation through if there were several concrete actions taken which gave evidence of the desire of the U.K. to cooperate fully.

Commenting on my observation that I had understood Sir Stafford to say that he could not take action prior to the election and that was now past, the Foreign Minister observed that the British felt that the results of the election still left them with difficulties. However, the Foreign Minister was not sure that he agreed that this was the case and by and large Churchill [3] had been a strong advocate of European integration. He felt that there would be no difficulty in reaching agreement with the opposition on firm steps leading in this direction.

I observed that it seemed to me of the greatest importance to get the ECA legislation out of the way and not have a repetition of last year's performance in which the time of so many top level persons was taken up for months. There were too many other more serious and critical problems which required attention. In these circumstances it seemed to me important that the British take action with respect to Payments Union and dual pricing—actions which sooner or later they would have to take any way. I expressed the opinion that I had gone pretty easy on the British for five or six weeks in view of the election and Bevin's poor health and that it seemed to me it was now time to have a talk with Sir Oliver Franks. I observed that I thought the situation was a highly critical one and that we needed to be in a position to direct our attention to such problems as Austria, Germany, the Far East and the defense of Europe.

The Foreign Minister observed that the defense problem was indeed a very critical one. As it now stands, defense plans are being governed by Finance Ministers. The military men draw up extravagant plans which the Finance Ministers of the individual countries cut down, without any effective coordination on a North Atlantic Treaty basis. In the light of the real needs for defense, it was essential that action be taken in this financial field if effective defenses were to be created.

I observed that it was indeed desirable to improve the defense situation and that I thought we needed to turn our attention to a more effective use of the North Atlantic Treaty in coordinating the political policies of the member governments.

In connection with my statement to the Foreign Minister on the importance of getting ECA legislation out of the way, Hoffman raised

[3] Winston Churchill, former British Prime Minister, leader of the Conservative Party.

a matter in connection with Point IV on which I sent a separate memorandum to Mr. McFall.[4]

[4] Memorandum to Jack K. McFall, Assistant Secretary of State for Congressional Relations, not printed.

611.41/3–750

Memorandum of Conversation, by the Officer in Charge of United Kingdom and Ireland Affairs (Jackson)

TOP SECRET [WASHINGTON,] March 7, 1950.

Participants: The Secretary
The Under Secretary
Mr. Rusk [1]
Mr. Perkins
Mr. Byroade [2]
Mr. Nitze
Ambassador Douglas
Commissioner McCloy
Mr. Jackson

The above group met in the Secretary's office at 2:15. The Secretary said that he and Ambassador Douglas were dining with Sir Oliver Franks [3] that evening and that it was understood that the meeting would be on a personal basis and that Sir Oliver would not report to London about the discussion. There was general agreement that if the discussion was held on that basis, Sir Oliver would not report.

Mr. Perkins said that he had been requested to suggest what line the conversation at dinner might take. The basic question was whether there should be a general review of US–UK relations and should specific matters be brought up.

Ambassador Douglas suggested that it was important to establish whether or not there was a basic understanding and agreement to act in collaboration. There were a number of specific points at issue with the British, among which he mentioned B–29 airfields in England, additional military production under MDAP, other military facilities, Japanese and German accession to the Wheat Agreement, Japanese position in international relations, the European payments union, the trade agreement with Germany, petroleum and sterling balances. The sum total of all these matters of controversy added up to a generally strained position between the two countries. While he felt it was

[1] Dean Rusk, Deputy Under Secretary of State.
[2] Henry A. Byroade, Director, Bureau of German Affairs.
[3] Sir Oliver Franks, British Ambassador in the United States.

desirable to explore the question of whether there was a basic understanding between our two countries, he felt that this could best be tested in relation to specific cases. It would be undesirable and probably fruitless, if there were a meeting between the Secretary and Mr. Bevin later in the spring, if the various points at issue were taken up by the Foreign Ministers without adequate advance discussion. He thought that it would be useful at the dinner if the Secretary should give a general round-up of his evaluation of the world situation and then refer to some of the specific matters. It might be desirable to suggest that if there were not a basis of assurance of a common policy and objectives between our two countries, we would have to reexamine our whole foreign policy.

Mr. Rusk raised the question of whether it might not be too drastic even to suggest that we might reexamine our whole policy toward Europe.

The Secretary said that he had thought of taking the following line: If we look back two years to 1947, it could be seen that there were a number of dynamic steps which had been initiated, including Secretary Marshall's speech [4] and the birth of ERP, the development of the NAT, the establishment of the Western German Government. These had all represented forward steps and considerable progress had been made in advancing the Western cause through these steps. They seem now to have lost their momentum and we seem to have slowed down to a point where we are on the defensive while the Soviets are apparently showing more self confidence. We could not hold our position defensively, we would slip backward. It was, therefore, necessary to find some new idea or new step which would regain the initiative. The economic incentives which were the basis of ERP seem to have lost their vitality and we were engaged in discussions of such things as the payments union. While this was no doubt of some importance, the successful working out of a payments union would have no popular appeal, there would be no holidays or torch-light parades in celebration of a payments union. In Germany the West German Government was offset by an East German Government and there was a complete deadlock on the Austrian Treaty. What was needed was some new approach which would recapture the initiative. The Secretary said that he had thought about making such a review to Franks and asking the latter what he thought we could do to get started.

Mr. McCloy expressed the view that the important thing was to move in the political field and it was his personal view that what

[4] See footnote 3, p. 54.

was needed was a drastic step toward political unity such as the establishing of articles of confederation for Europe.

The Secretary said that he had thought about the possibility of stepping up the activities and tempo of existing organizations such as NATO, the Council of Europe, OEEC, in particular the NATO might be used as a vehicle since we were members. Perhaps a secretary-general with a secretariat could be established and a close relationship with the Council of Europe and OEEC since there was a wide coincidence of membership in these various organizations. A variety of problems could be thrown into these organizations and a considerable amount of activity stimulated. It might be possible to get a number of domestic problems, such as fiscal policies, thrown into these organizations. They were now being handled on a strictly national basis.

Mr. Rusk pointed out that in other bodies, particularly the UN, the experience had been that the establishment of a secretariat increased the activity of a body since there was a group of people who had a vested interest in the vitality of the organization.

Ambassador Douglas expressed serious doubts that the idea of confederation in Europe was a practicable proposal.

Mr. Nitze recalled that Spaak had said that Europe was not ready for political federation. This applied to the Continental countries as well as the UK. He had expressed the opinion, however, that some sort of organization of existing bodies into a coordinate whole might work.

The Secretary suggested that in NATO, discussion need not be limited to specific problems of the Atlantic area but might cover such things as Southeast Asia and the Far East as they bore upon the situation of the member countries. He suggested that you might throw into the NATO Council the question of what should be done about a German treaty.

Mr. McCloy referred to the question of the inclusion of Germany in the NAT framework.[5] He said this would have, in his opinion, a very stirring effect in Germany since he felt that a good deal of faith had been lost in the potentiality of OEEC and the Council of Europe as instruments to bring about the unification of Europe.

The Secretary asked whether there were any views on the strength and vitality of France. Were they merely existing under the protective tent which ERP had erected over them?

Mr. McCloy said that he had been pleasantly surprised by the apparent rebirth of self confidence in French military circles, particularly among the younger officers.

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[5] For documentation of discussion of this question among the Western powers, see pp. 1 ff., pp. 828 ff., and pp. 1108 ff.

Mr. Rusk suggested that the ability of the French to carry on in the midst of their own political shambles was an evidence of their inherent vitality.

Mr. Byroade, in referring to the problem of relations with the British, suggested that perhaps the most important aspect was to get the British to recognize that they had lost their old position of power and would have to face-up to a changed status in the world. Unless such a reorientation occurred, was it possible ever to establish sound relations with the British? He referred to the question of German unity and expressed the feeling that one way or another that problem would come up in the relatively near future and that we would have to face what our position was.

Mr. McCloy, in commenting on the last point, referred to evidences of increasing Soviet self confidence in Germany. The Soviets were contrasting the economic unity in Eastern Europe with what they termed the disintegration of the West. The Soviets did not stress political unity in the East. Mr. McCloy felt that Western political unity was one thing which the Soviets were most anxious to discourage. He did not foresee any possibility of a unified Germany in the foreseeable future except unification under the Soviets which would mean that the 15 million East Germans prevailed over the 47 million West Germans. He did not see unification as an immediate problem. He did feel, however, that the West Germans were nervous, hysterical and uncertain and had no great confidence in the coherence of Western Europe. He did not feel that Adenauer [6] would speak so critically of Western moves if he felt that the West was united and strong.

Mr. Rusk suggested that in talking to Franks there were three additional points which might be covered. The first was that, in relation to the British, discussion of any specific problem always seems to lead to discussion of a wide variety of problems and the solution of any one seems to be always linked to the solution of many others. He suggested that the Secretary might ask Franks how he thought the circle could be broken. As the second point he suggested that Franks might be asked whether, in his opinion, the Europeans expect more leadership from the US and more detailed blueprints of what we want, pointing out that when we do get specific we are met with a charge that we are interfering. The third point which might be made was that the limits of foreign policy action by the British seem to be determined by what could pass through a fine treasury screen and that pennypinching seemed to be characteristic.

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[6] Konrad Adenauer, Chancellor of the German Federal Republic.

The Secretary asked Ambassador Douglas whether there were any British who could work at overall matters imaginatively. He suggested that Bevin had distinct limitations along this line. Ambassador Douglas agreed with regard to Bevin but said that while Strang [7] was also rather limited, he felt that there were some officers in the Foreign Office who had a capacity for imagination. He also felt that there were some among the Conservatives and mentioned in particular the close personal relation between Bevin and Eden.[8] He observed, however, that it was a very ticklish matter to talk to the opposition and his opinion as to whether it was possible would have to depend upon his conclusions when he reached London.[9] It was suggested that Franks himself was capable of an imaginative approach and that the Secretary might discuss with him what was the best technique for eliciting new ideas or a response to new ideas in the UK.

There was some discussion of the matter of the European payments union and the UK-German trade talks. Mr. McCloy made a point of the fact that the British had not consulted us in advance. In answer to a question from the Secretary he said that US personnel had not urged the Germans to oppose the British (as the British had alleged). The Germans had reacted against the British proposals and had come to the Americans on their own initiative. Mr. McCloy also generalized that there were many difficulties in achieving common policies with the British in Germany due to a lack of close and flexible consultation. The same was true with regard to the French who, for example, did not keep us informed in the matter of the Saar.

There was also some general discussion of the problem of Japanese accession to the Wheat Agreement. Mr. Rusk suggested that the Secretary take this matter up on the record with Franks, which the Secretary agreed to do.

The questions relating to airfields in the UK, the relation of the UK-German trade talks to the payments union and the matter of Japanese accession to the Wheat Agreement had all been covered previously in a memorandum which had been prepared for the Secretary.[10]

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[7] Sir William Strang, Permanent Under Secretary of the British Foreign Office.

[8] Anthony Eden, former British Secretary of State for Foreign Affairs, leader in the British Conservative Party.

[9] Reference here is to Acheson's scheduled participation in the Foreign Ministers meeting and NATO Council meeting in London in early May.

[10] Undated memorandum, presumably by Rusk; copy attached to a memorandum by Rusk for the Secretary of State, dated March 7, 1950: neither printed (611.41/3–750).

840.00R/3–1050 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State [1]

SECRET LONDON, March 10, 1950—4 p. m.

1357. Personal for Hoffman: Following is résumé of cordial conversation Harriman and I had with Bevin March 8:

Bevin opened with lengthy statement on difficulty of producing EPU plan which had been handed Harriman day before by Cripps.[2] He explained UK's difficulties in reconciling position with respect to Western Europe sterling area and Commonwealth but indicated that UK Govt took a positive position re necessity for a payments agreement. Although he did not refer specifically to the misunderstandings and disagreements with respect to UK German trade agreement, he was emphatic that Germany must be included in EPU and Western system. He referred to a recent conversation with de Gasperi [3] in Rome in which latter "pled fervently" for UK participation in EPU saying that inclusion of Germany was essential and presence of Germany without UK was dangerous.

[Here follows a section covering discussion of Southeast Asia.]

Bevin then went into a long explanation of the UK's desire to be as cooperative as possible but again pointed out the many handicaps which made it difficult for British to go along with all of our suggestions concerning integration. He felt that EPU was the most important item and that attention should be given exclusively to it until its adoption. He felt that too many things could not be undertaken by UK at the same time and referred to the position in Parliament. In particular he could give no assurance that anything could be done about dual pricing for the time being. Harriman stated that there was complete agreement among the State, Treasury and ECA, approved by the President, that the position of the US with respect to all these

[1] Repeated to Paris as telegram 395.

[2] The emergence on March 7 of this British proposal concerning an EPU agreement had been anticipated by Katz in his telegram Repto 189 from London of March 4, not printed. Katz therein suggested that the kind of payments union plan expected from the British would probably assign a minor role to gold and might well lead to a serious difference between the United States and the United Kingdom on the nature of EPU (840.00R/3–450). Copies of this plan, not printed, were transmitted to the Department by Holmes in his telegram 1193 from London, March 17, not printed. Holmes pointed out that discussion of the technical aspects of this plan was being localized in Paris between OSR and the U.K. Delegation to OEEC and that the document was being considered informal and subject to possible revision before distribution to the other OEEC countries. (840.00R/3–1750)

[3] Alcide De Gasperi, Italian Premier.

matters was to ask only for effective and speedy implementation of the OEEC resolution of November 2, 1949. Harriman said also that the matter of dual pricing was of real concern especially as between Germany and France and that he could not agree that the US would cease pressing for an adjustment.

[Here follows a summary of Bevin's suggestion that a NATO Council meeting and a tripartite meeting of Foreign Ministers with the French be scheduled for the near future.]

HOLMES

840.00R/3–1950 : Telegram

The United States Special Representative in Europe (Harriman) to the Secretary of State

SECRET PARIS, March 19, 1950—5 p. m.

Repto 1500. 1. Katz asked Hall-Patch [1] to call Saturday morning March 18 to explain to him our concern over British paper.[2] I joined them for latter part discussion.

2. Katz referred to earlier conversation with Ellis-Rees [3] reported in Repto 1366 [4] and again stressed our concern to maintain concerted effort toward constructive result and avoid degeneration into adversary manoeuvre and recrimination. If British paper were put forward formally in Payments Committee OEEC, there was every prospect creditors would find it unacceptable and debtors, while purporting go along, would qualify participation by insisting on equal right impose discriminatory QR's and other special arrangement. This would mean major set-back for European cooperation. While we are not yet ready state detailed ECA position, it should be clearly understood that if UK pressed its paper as formal British position there would be risk serious Anglo-American controversy.

3. Hall-Patch indicated he shared these apprehensions, and told us that British Government was preparing a new document to submit to Payments Committee. His second document would be confined to explanation of sterling system and special problems which it faced with respect to EPU. The first paper had already been handed to Stikker, French, Ansiaux,[5] and Secretariat as well as OSR and would

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[1] Sir Edmund Leo Hall-Patch, Permanent U.K. Representative on the OEEC, Chairman of the OEEC Executive Committee.

[2] EPU proposal handed to Harriman by Cripps on March 7 and referred to in paragraph 1 of telegram 1357 from London, *supra*.

[3] Possibly Sir Hugh Ellis-Rees, British Under Secretary of the Treasury in 1948.

[4] In Repto 1366 of March 11, not printed, Katz summarized his conversation of March 8 with Ellis-Rees when the latter handed him a copy of the EPU proposal (840.00R/3–1150).

[5] Hubert Jacques-Nicolas Ansiaux of Belgium, Chairman of the Payments Committee, OEEC.

probably be given to Italians and Dutch. He suggested that for the time being serious diseussions of problem be limited to this group. We pointed out that diseussions should be basis special difficulties of sterling and various possible solutions rather than taking British first paper as formal British proposal on which issues might be joined. He indicated understanding of the importance of this approach.

4. I expressed gratification at his attitude. I felt sure that Bevin shared our concern to find solution which would contribute to the bringing together of all Western countries as part of overall world-wide objectives, but had been frankly apprehensive lest attitude Cripps and pressure Bank of England might lead to rigid and one-sided UK position. If special problems of sterling could be examined coneretely and various possibilities explored at technical level, there was much more hope for adjustment differences of opinion on constructive and practical basis with due regard to broad pieture.

5. Hall-Patch returning to London today. He expects new British document for Payments Committee to be ready early next week. By middle next week we should have idea how far British Government prepared take approach indicated above.

6. Suggest pass Treasury eyes only Snyder.[6]

7. I am sending this eyes only, as I am disturbed by leak *New York Times* March 15 on paper [7] handed me by Cripps for confidential discussions. The carrying on of negotiations on this extremely sensitive and highly political subject will not at this stage be assisted by press controversy. I feel strongly our present public tactics should be to aceept at face value King's speech [8] and British Ministers assurances of their intention to cooperate development EPU. When difficulties arise in negotiations, we should emphasize as far as possible differences within OEEC rather than clash with US Government.

Sent Department Repto 1500; repeated London Repto 240; pouched Paris Repto 104. Eyes only SecState for Hoffman. Pass SecState eyes only SecState. London eyes only Douglas and Kenney. Paris eyes only Bruce and Bingham.

HARRIMAN

[6] John W. Snyder, Secretary of the Treasury.
[7] British EPU plan. See telegram 1357 from London, March 10, *supra*.
[8] Speech by King George VI at the opening of Parliament on March 6.

Editorial Note

On April 4, the Council of the OEEC met in Paris and adopted several changes in the structure of the organization. Dr. Stikker was elected Chairman of the Council, a post he would combine with that

of Political Conciliator. The Consultative Group was disbanded, and certain other structural changes were made to strengthen the OEEC in its on-going relations with other European organizations. Mr. Harriman addressed the meeting on the subject of European exports to the dollar area and the significance of the Point Four program.

840.10/4–1050

Report by the Economic Cooperation Administration[1]

CONFIDENTIAL [WASHINGTON,] April 14, 1950.

EXPLANATION OF THE POINTS AT ISSUE WITH THE BRITISH ON THE PROPOSED EUROPEAN PAYMENTS UNION

I. BACKGROUND

In early December 1949, the ECA suggested that the OEEC formulate technical payments arrangements which could ensure complete transferability of European currencies among themselves on current account and substantial liberalization of trade within Western Europe. The ECA suggestions were in effect a set of principles to which we believe any trade and payments arrangements devised by the OEEC should conform. Chief among these principles were: (*a*) that both trade and payments should be on a truly multilateral basis within Western Europe; (*b*) that the participating countries should submit to the discipline of settling their net imbalances in intra-European trade at least partly in gold or dollars in the case of debtor nations and partly in the extension of credit in the case of surplus nations; and (*c*) that considerable administrative discretion should be granted to the OEEC (or whatever representative central institution was established to operate the payments mechanism) to adjust the gold and credit ratios, to provide special assistance to individual members, and in general to induce the participating countries to harmonize their national economic policies and conditions in order to ensure that intra-European deficits and surpluses would be of manageable proportions.

[1] This report was transmitted by Richard Bissell to George Perkins on April 14 with the following comment: "The ECA has drafted the attached paper to inform the Secretary of State of the points at issue with the British on the proposed European Payments Union. This document is an attempt to explain the nature of the points at issue, and does not purport to be a position paper or to make recommendations concerning the strategy which we should adopt. We believe it important, however, that the Secretary of State understand the issues involved in case this subject should be raised during the forthcoming Foreign Ministers' meeting. This paper has been discussed with various members of the State Department and I believe it represents a common State Department/ECA view of the nature of the issues." This message is followed by the handwritten notation: "G. W. P[erkins] is holding for briefing with Sec. B. T. M[oore]."

On the basis of these principles, the OEEC proposed early in January 1950 the establishment of a European Payments Union (EPU) within the framework of the OEEC. In the OEEC proposals, payments imbalances arising from current transactions between any pair of participating countries would not be settled directly between the two countries concerned. Instead the EPU would provide the facilities of a clearing house and the net surplus or deficit of each country with all of the others would be periodically calculated and settled with the EPU, partly in the payment of gold or dollars by debtors to the EPU and partly in the extension of credit by creditors to the EPU. Sufficient ECA aid would be provided through the EPU to settle the balances remaining after the partial gold and dollar payments and credit extensions by the participating countries to the EPU. Concurrently with the establishment of the EPU, the participating countries would free at least 60% of private trade among themselves from quota restrictions (QR's), and hope was expressed that the remaining QR's would be removed as quickly as possible. The OEEC proposed that QR's be reimposed only on a multilateral basis and only in special and previously-defined situations after consultation with the EPU.

Shortly after the OEEC recommendations were made, the British Chancellor of the Exchequer informed the OEEC Council of certain basic British objections to the proposed EPU and, in March, the British Government circulated a memorandum to the United Sttaes and the participating countries elaborating these objections and proposing an alternative plan.[2] The British counter-proposal suggests in effect that only the continental countries become members of the type of payments union devised by the OEEC. The United Kingdom would have a special status and would maintain its present bilateral trade and payments arrangements with individual participating countries. To a limited extent, the British would be willing to pay off bilateral debts through the EPU, either with their bilateral claims on other European countries or with gold or dollars. As a whole, however, the payments provisions of the British proposal are unlikely to result in payments of gold by the United Kingdom and would more probably result in receipts of gold from the EPU. Furthermore, the British insist on retaining the right at their own discretion and without prior consultation to reimpose QR's on imports from individual continental countries whenever they think it necessary to protect their monetary reserves.

The Executive Branch of the U.S. Government, the OSR, and a number of the OEEC countries agree that the British alternative is unacceptable. The British, however, have showed no signs of modify-

[2] The EPU plan handed by Cripps to Harriman on March 7. See telegram 1357, March 10, p. 643.

ing their position. Unless these differences are resolved in the near future, which we consider unlikely, the problem may arise in one form or another at the Foreign Ministers' meeting in May.

The ECA believes that disagreements with the British on the proposed EPU stem from certain fundamental differences of policy on the broader question of European unification. Both proposals are extremely complicated and technical but the basic obstacle to agreement or to a satisfactory compromise seems to be British economic isolationism in general and British reluctance in particular to forego any of the bargaining advantages and maneuverability afforded them by the maintenance of bilateral trade and payments agreements. This basic British attitude is exemplified by their position on three specific and technical points at issue in the proposed EPU.

II. QUANTITATIVE RESTRICTIONS ON TRADE

Most trade within Europe since the war has been conducted within the framework of bilateral trade agreements which provide for quotas or quantitative restrictions on imports. These restrictions are designed, at least ostensibly, to keep each country's imports from any other country down to the level it can finance. The existence of these bilateral agreements constricts the European economy within rigid trade patterns, prevents the most efficient use of resources within the area and seriously hampers recovery. The removal at least of QR's is a first and necessary step toward the creation of a single, wide, competitive market on which Western European recovery depends.

The British are not willing to limit the exercise of their right to reimpose QR's to special circumstances defined in advance and, since they would retain their bilateral payments agreements, they apparently wish to be free to reimpose QR's against individual participating countries. It is clear that countries cannot be asked to surrender the right to restrict imports and ration foreign exchange at least temporarily if necessary to check a loss of monetary reserves. However, the OEEC's proposal envisages only that participating countries agree to limit the exercise of this right so that it will not be arbitrary, punitive or without regard to the problems and difficulties of other participants who would be seriously affected. But, the British are not prepared to accept an EPU under which QR's could be reimposed as temporary corrective measures in circumstances clearly defined in advance, on a multilateral basis (since payments would be multilateral) and, whenever possible, after prior consultation with the other countries affected through the EPU or OEEC. Basically, we believe that if a payments imbalance which results in a loss of gold is in fact a symptom of fundamental economic maladjustment, it should be regarded as a signal for the initiation of measures of

domestic readjustment, not simply for the erection of artificial restrictions which prevent readjustment and hamper recovery.

III. BILATERAL PAYMENTS AGREEMENTS

The British counter-proposal envisages the maintenance and possible future extension of the present system of bilateral payments agreements and of bilateral credit facilities between the United Kingdom and the individual continental countries. In the EPU as proposed by the OEEC, these bilateral agreements might perhaps remain in existence but would be very largely inoperative since all settlements of balances would be on a net multilateral basis through the Union. The British contend that the sterling transferable accounts system, to which a few of the participating countries belong, does provide some multilateral settlement facilities. But many of the participants are reluctant to join the sterling transferable accounts system, since it entails the obligation to hold inconvertible sterling without limit. In practice, the transferable accounts system has been so much subject to the arbitrary and unilateral decisions of the British authorities that it does not always provide a satisfactory basis for multilateral payments arrangements among non-sterling countries.

We suspect that the basic reason for the British reluctance to abandon their bilateral payments system is their unwillingness to forego the bargaining advantages and coercive possibilities which it affords. The retention of bilateral payments agreements, combined with the possibility of arbitrary, unilateral reimposition of QR's against individual continental countries, provide the British with the potent weapon of limiting or denying access to both the British consumer and the British producer. Britain is thereby able to induce other, weaker countries to buy and sell at prices more advantageous to the United Kingdom, to import and export particular types and quantities of goods as desired by the United Kingdom, and to accumulate inconvertible sterling without limit or to extend credit in other ways to the British. In view of the basic need for European cooperation and unification if permanent recovery is to be achieved, the United Kingdom's evident unwillingness to forego the coercive possibilities and maneuverability provided by bilateralism is an issue of fundamental importance.

IV. PARTIAL GOLD SETTLEMENTS

A specific provision in the British counter-proposal, related to the maintenance of a structure of bilateral payments agreements, would allow the British a unilateral choice between making their payments settlements through the EPU and making them directly with each of their bilateral partners. The exercise of this freedom of choice would

enable the British to minimize any gold outflow to the continental countries and to maximize any inflow of gold from them. Thus, although the British have agreed to a system of partial gold settlements in principle, it is an important feature of their counter-proposal that in practice they would generally be able to avoid making gold payments.

The OEEC's proposal for partial gold settlements and partial extensions of credit to cover payments imbalances among the participating countries is intended to provide automatic incentives for restoring a measure of harmony among the individual national economies of Western Europe. By subjecting themselves to the discipline of having to choose between a loss of monetary reserves and appropriate changes in national economic policies, debtors would be under some pressure to reduce the size of their deficits. Similarly, creditors would have to choose between internal adjustments which would increase their demand for imports or the extension of credit to their debtors via the EPU. It is in this way that the operation of the EPU would provide some incentives to remove the foundamental causes of economic maladjustments and unmanageable payments imbalances in Western Europe and would not merely alleviate their symptoms. Furthermore, partial gold settlements are intended to be a reasonable step in the direction of the general convertibility of currencies, the basis for a world-wide multilateral trade and payments system. The British counter-proposal, however, would permit the United Kingdom to escape from much—if not all—of the gold settlements incentive to keep its national policies in line with those of the rest of Western Europe and to begin a process of readjustment leading to convertibility and multilateral trade with the rest of the world.

V. THE BASIC ISSUE

It is clearly recognized that British participation in any European-wide multilateral system of trade and payments entails special problems because of the position of sterling, particularly because of the existence of large sterling balances held by a few of the European and a number of the sterling area countries. The British maintain that their basic position is largely dictated by their pre-occupation with these special problems. In our view, however, these problems can be dealt with in a manner which does not conflict with the principles and objectives of United States policy. We are prepared to consider, and have in fact already proposed, certain safeguards and special ECA assistance to take care of the sterling problems as such. But the common feature underlying the three points at issue with the British as just described is not a mere difference of views as to the technical solution of the sterling problem, but rather a basic difference of choice as between economic nationalism and economic internationalism.

In trying to minimize gold settlements, Britain is in fact seeking to avoid having its national economic policies limited, influenced or altered in any way by external conditions. Insistence on the right arbitrarily to reimpose bilateral QR's without prior consultation is in effect insistence on the right to cut the British Isles off from the continent to the extent necessary to prevent continental economic conditions from influencing the economic program of the British government. Insistence on the maintenance of Britain's present structure of bilateral payments arrangements would leave the door open for bilateral bargaining between Britain and each of the other participating countries, for discrimination by Britain as between different participating countries, and therefore for economic coercion by Britain of its continental neighbors.

The issue is not the desire of the United Kingdom to preserve its legitimate sovereign rights or conduct an independent economic policy. The basic issue is whether Britain, a country highly dependent on foreign trade, is prepared in cooperation with its major trading partners to make those internal adjustments required by external changes which can enable both her and them to participate fully in the European and in the world economies and thereby to enjoy those eventual improvements in productivity and in the standard of living which membership in a wide, freely-trading area can bring. Viewed in another way, it is whether the United Kingdom will insist, at the one extreme, on economic isolation and autarchy or, at the other extreme, on the right to coerce other countries to accept economic policies of benefit mainly to Britain. The implication of the EPU proposal as developed in the OEEC is that all participating countries agree to accept limits on the exercise of national sovereignty, confining its absolute and arbitrary exercise to the legitimate field in which it would not conflict with the economic needs of Western Europe as a whole. This end would be realized primarily by establishment of consultative and coordinating arrangements (the European Payments Union) and of uniform principles of trade and payments for all Western European countries, which would permit all countries to conduct independent policies within their means, but would prevent any country from seeking to push its own national program beyond the point it or its neighbors could afford. Since the policy any one country could afford is directly influenced by the policies pursued by others, the result would be a coordination or harmonization of national economic policies without any intervention from outside in the application of those policies to the domestic situation of each.

This is the minimum first step in the development of a single wide market and an efficient unity of economic activity in Europe, in turn an essential pre-requisite for progress towards permanent self-support and political and social stability. Thus, it is not only a pre-condition

of genuine recovery, but also an indispensable part of European solidarity. We do not believe opposition to this purpose makes sense, whatever the narrowly national motives may be, and we do believe that British opposition is directed to the fundamental purposes, rather than to the technical details, of the EPU proposal.

700.00(S)/4–2450 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, April 24, 1950—8 a. m.

Infotel. Regardless reasons behind recent views Adenauer Schumacher [2] on why Germany delaying acceptance bid for Council Europe, we have advised McCloy we consider it important to disabuse Ger leaders of notion use of East-West situation to wring concessions from West can be productive or helpful. While we agree Gers may have certain legitimate causes for complaint of late and feel it important steps be taken to effect closer Ger integration with West, we think it equally important they have no delusions about ultimate result of using bargaining tactics. We point out to McCloy such tactics can have only one result, namely to undermine whatever confidence may have developed other Western countries regarding Ger people Govt and create climate hardly conducive to granting broader powers to Gers near future. We explain to McCloy we feel reported tendency Adenauer and chiefly Schumacher to refrain from taking sides between East West seems sufficiently significant to warrant careful analysis our part. We add while may be based partly on disillusionment over whatever place Germany will be given Western planning, it also represents lack of Ger understanding of foreign affairs. We ask for McCloy's considered analysis of Schumacher's reported shift to policy Ger neutrality.

ACHESON

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[1] Repeated to London, Paris, Moscow, Brussels, and The Hague.

[2] The recently expressed views of Adenauer and Kurt Schumacher, leader of the opposition in the German Federal Parliament, were summarized by McCloy in telegram 3179 from Frankfort, April 17, not printed (740.00/4–1750).

840.00R/5–150 : Telegram

The Administrator of the Economic Cooperation Administration (Hoffman) to the Embassy in Belgium

WASHINGTON, May 1, 1950—8 p. m.

Ecato 120. [Here follow references to telegrams Repto 2305 and Repto 2338 from Paris, neither printed, and information on their distribution.]

We are seriously concerned by position Belgian Government against any credits to EPU, presumably reflecting attitude of Frère.[1] For your information Belgian proposal that European credits be replaced by drawings on IMF opposed by most of executive branch including Treasury and State as well as much of professional staff of IMF. Therefore U.S. Government agreement most unlikely. Furthermore suggestion possibly sponsored by Frère that existing intra-European payments agreements could be continued with little change not acceptable to ECA. You are therefore instructed to make ECA position known to appropriate Belgian authorities as follows:

1. ECA considers establishment of a European Payments Union along lines third draft OEEC financial experts report essential to economic recovery. Under probable terms amendment Foreign Assistance Act now before Congress ECA may be prohibited from disbursing any part of 600 million dollars of its appropriation in event of failure to attain satisfactory EPU or to any country failing to join such an EPU. Whether or not this is provided by law, ECA considers agreement to a satisfactory EPU so important that failure to agree would be cause for reconsideration of any plans to render aid to members of OEEC.

[Hoffman here lists several requirements the EPU plan would have to meet to be considered satisfactory by the ECA. These are treated elsewhere in this compilation.]

Sent Brussels Ecato 120 rptd Paris Torep 3592 The Hague Ecato 254 London Ecato 593.

HOFFMAN

[1] Maurice Frère, Governor of the Belgian National Bank, Governor of the International Monetary Fund, and Alternate Governor of the International Bank for Reconstruction and Development (for Belgium).

840.00R/5–450 : Telegram

The Administrator of the Economic Cooperation Administration (Hoffman) to the United States Special Representative in Europe (Harriman), at Paris

WASHINGTON, May 4, 1950—9 p. m.

Torep 3742. For your info at current discussion with State and Defense on the relative priorities of economic recovery and additional defense measures ECA/W has been taking the following position: we believe that the time has now come to define the terms of economic recovery to which we are willing to give absolute priority. Briefly, it should be the degree of recovery which is a necessary condition for security. In these terms, recovery means (1) a high enough standard of living for internal social and political stability (2) a fiscal policy assuring high and stable employment, without inflation and based on an

equitable distribution of the tax burden *de legibus* and *de facto* (3) a continued emphasis on reduction of costs by: application of technology and essential equipment and by competition for broader markets engendered by freer intraEuropean trade. Actions taken towards these ends are as necessary to security and rearmaments as to economic recovery.

However, where recovery is interpreted to mean massive use of resources for new social programs or large capital investment in projects not necessary to the achievement of increased productivity then recovery must be treated on equal terms with increased rearmament programs and must be weighed in terms of internal security.

Sent Paris Torep 3742 rptd London Ecato 614.

HOFFMAN

396.1 LO/5–1050 : Telegram

The Acting Secretary of State to the Secretary of State, at London [1]

SECRET NIACT WASHINGTON, May 10, 1950—7 p. m.

Tosec 164. For Sec from Webb. Rep Vorys [2] is pressing in House Senate Conference on Foreign Aid Bill for provision which wld state that "encouragement of political federation" in Eur is objective of US policy. We have opposed inclusion on ground that under provisions of Act participating countries must adhere to purposes and policies of Act in bilateral agreements and that it wld not be feasible for most of them at this time formally to accept political federation as their policy especially where it appeared to be under compulsion from us. After considerable argument Vorys proposal was defeated yesterday. However Vorys using Schuman proposal on steel and coal [3] as argument that French prepared to accept such policy and has reopened question today. Believe tel to me on this point wld be most helpful in resolving this issue in Conference since several members wished have ur views before final action.[4] Expect Conference to conclude on Fri.

WEBB

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[1] Secretary of State Acheson was in London participating in preliminary talks prior to the opening of the Foreign Ministers Meetings on May 13. For documentation on the preliminary talks and on the Foreign Ministers Meetings, May 13–19, see pp. 828 ff.

[2] John M. Vorys, Representative from Ohio.

[3] For documentation, see pp. 691 ff.

[4] Secretary of State Acheson, in telegram Secto 219 from London, May 11, not printed, answered in part as follows: "In discussion with the members of Congress most concerned with this problem, you may wish to emphasize my view that US influence is strong in West Europe today because we have so clearly demonstrated our belief in a joint approach to common problems of recovery. I believe we would seriously weaken that influence if we were to attach political conditions to our assistance and strongly urge that the conference committee oppose the inclusion of a provision encouraging political federation in Europe." (396.1 LO/5–1150)

840.10/5–1150

The Secretary of State to the British Secretary of State for Foreign Affairs (Bevin) [1]

SECRET [London,] May 11, 1950.

AIDE-MÉMOIRE

EUROPEAN PAYMENTS UNION

(*a*) The Secretary of State wishes to stress the importance of prompt action to bring the negotiations for a European Payments Union to a satisfactory conclusion. The present payments agreement expires June 30. The Council of Ministers of the OEEC is scheduled to meet on June 2. Agreement at the technical level should take place at least two weeks prior to the meeting of the Ministers. As a practical matter, therefore, these discussions at the official level should be brought to a satisfactory conclusion prior to May 15.

(*b*) It is the view of the United States Government that the United Kingdom can and should participate fully in EPU on the basis of the Financial Experts Third Draft as modified by a solution of the sterling area relationship problem along the lines of that part of the continental proposal [2] which deals with this problem.

(*c*) If the United Kingdom participates fully in EPU on the foregoing basis, the following safeguards would be available:

(1) If the United Kingdom suffers a significant loss of gold and dollar reserves as a result of payments to EPU, it could re-impose automatically *multilateral* quantitative restrictions, subject only to subsequent review by OEEC.

(2) In the event that EPU operations should unexpectedly result in British dollar payment obligations beyond some agreed danger point, ECA would be prepared to consider the allotment of special dollar aid to the United Kingdom from the funds expected to be appropriated specifically for EPU purposes.

COMMENT

The action recommended in paragraph (*b*) relates to a proposal now before the British Government. The "Financial Experts Third Draft" is an OEEC document. The "continental proposal" would modify the Financial Experts Third Draft by a solution of the problem of full sterling area participation. Insofar as it deals with the problem of the sterling area participation, it is supported by France, Belgium, the Netherlands, and Italy, and is in substance acceptable to the United States. No technical argument has yet been presented against the sterling area provisions of the continental pro-

[1] On the recommendation of Harriman and Katz, this *aide-mémoire* was handed to Bevin by Acheson in London on May 11 (840.00R/5–1150).

[2] See the description of this proposal below under "Comment."

posal. These provisions constitute the only proposal thus far presented on the relationship of the sterling area to EPU which is acceptable to the continental countries and the United States Government. The British Government's proposal of March 20,[3] and the proposal by the Secretary General of OEEC,[4] have been thoroughly considered and found unacceptable by the continental group and by the United States Government.

If the British Government will take the action recommended, it will make possible the timely establishment of a satisfactory European Payments Union. By a satisfactory European Payments Union, the United States Government means one containing the following elements:

1. *Full transferability among the currencies of the participating countries.* This means full offsetting of all bilateral surpluses and deficits culminating in a net overall position for each country toward the others as a group. To extend the multilateral use of sterling, there might well be a right of election by any country in overall surplus to accept settlement in sterling and thus build up its sterling reserves. In addition, there should be a right of any country in overall deficit to use previously accumulated sterling resources to meet part or all of its overall deficit. At the same time, the United Kingdom would be able to maintain its existing payments arrangements. These would, however, only operate after full clearing.

Such a system would remove the pressures and incentives to discrimination arising from bilateral payments difficulties.

2. *Gold and dollar payments.* The principle of progressively increasing gold and dollar payments by debtor countries combined with progressively smaller credits is required to provide proper incentives for debtors to move toward independence of aid and external balance. For creditors, dollar payments and credits extended should be combined to provide incentives to keep intra-European surpluses within manageable limits.

3. *Credits.* Debtors should obtain and creditors grant credits to provide a transitional cushion during the remaining two years of ERP. As a consequence of such credits and fractional dollar payments, EPU would then be able to support the maintenance and expansion of intra-European trade as well as to maintain incentives for the participating countries to progress toward general convertibility.

4. *Quantitative restrictions.* In accordance with understandings reached in OEEC, all bilateral quantitative restrictions should be eliminated upon the establishment of EPU, and multilateral quantitative restrictions remaining should be eliminated as early as possible thereafter.

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[3] Reference is presumably to the second proposal anticipated by Harriman in paragraph 3 of his Repto 1500, March 19, p. 644.

[4] Reference is presumably to the OEEC plan described in various sections of the ECA report of April 14, p. 646.

5. The foregoing arrangements, in addition to meeting the criteria implicit in paragraphs 1 to 4, would widen the use of sterling and thus increase its usefulness in financing current transactions and as a reserve currency.

840.00R/5–1450 : Telegram

The United States Special Representative in Europe (Harriman)[1] *to the Administrator of the Economic Cooperation Administration (Hoffman)* [2]

SECRET PRIORITY LONDON, May 14, 1950—8 p. m.

Toeca 581. Personal for Hoffman, Foster, Bissell from Harriman.

1. British plan submit paper to Payments Committee OEEC at meeting May 16 which in substance will constitute acceptance Continental proposal thus meeting requirements set forth in *aide-mémoire* of SecState.

2. We have repeatedly emphasized to British that we could not negotiate agreement here. They understand this position and concur. While fully reserving our own position pending outcome of OEEC Payments Committee meetings in Paris, we have expressed hope that continental group will recognize British paper to be substantial acceptance their proposal.

3. Assuming quick agreement on terms sterling area participation in accordance foregoing, it will also be necessary work out basic terms of provisions relating gold and dollar payments and credits. While U.K. fully accepts principle of fractional dollar payments, there must be general understanding as to size and terms of credit quotas, progression in dollar payments etc. U.K. shares our anxiety have substantial agreements on all issues of principle before end next week.

4. I am seeing Cripps tomorrow to obtain final text of British paper to be submitted to Payments Committee. Cripps also expects to discuss this with Stikker.

5. Following paragraph sets forth preliminary draft British paper representing outcome of SecState *aide-mémoire* and supporting discussions.

[Here follows the preliminary draft. The final text is printed in Toeca 587, *infra*.]

HARRIMAN

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[1] Repeated to Paris for OSR, Torep 496.

[2] Harriman was at this time in London participating in the Foreign Ministers Meetings.

840.00R/5–1550 : Telegram

The United States Special Representative in Europe (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)[1]

SECRET PRIORITY LONDON, May 15, 1950—6 p. m.

Toeca 587. Personal for Hoffman, Foster, Bissell from Harriman. Ref Toeca 581 to Washington repeated Torep Paris 496. Following is final text of British paper on sterling participation in EPU to be submitted to OEEC Payments Committee:

(*Verbatim Text*)

(1) We are prepared to come in as full ordinary members of the scheme.

(2) All cumulative bilateral surpluses shall be submitted for offsetting.

(3) The United Kingdom shall be entitled to make agreements with other participants governing the extent to which surpluses emerging from the offsetting should be held in sterling, and the extent to which deficits so emerging should be met from sterling resources. The general plan of agreement which we have in mind, subject to such variations as may be agreed, is as follows:

(*a*) Net creditors will hold in sterling such part of their cumulative overall surplus, within the credit limits referred to in (5) below, as corresponds to their cumulative surplus in sterling.

(*b*) Net debtors will draw on their sterling balances, accrued before 1st July, 1950, so far as they need to do so in order to cover their overall cumulative deficit.

(*c*) Net debtors who have no sterling balances will draw on their credit margins with the UK, if any, to meet such part of their overall cumulative deficit as corresponds to their cumulative deficit in sterling.

(4) (*a*) The question whether or not gold payments are to be made to a creditor country shall depend on the size of the net cumulative surplus accrued since the scheme began, irrespective of whether this surplus is held in the form of a credit with the Union or of sterling.

(*b*) Similarly, gold payments will be made by debtor countries in accordance with their net cumulative deficit irrespective of whether that deficit has been met by credit from the Union or by bilateral credits.

(*c*) If, however, a deficit is covered by sterling which had accrued before 1st July, 1950, this shall not be counted, for the purpose of calculating any gold payments to be made to the Union, against the debtor which used this accrued sterling; moreover, the sterling so used should be subtracted from any net overall deficit of the United Kingdom for the purpose of calculating gold payments by the United Kingdom to the Union.

[1] Repeated to Paris for OSR, Torep 500.

(*d*) Corresponding rules shall be worked out as regards the rights and obligations of the members when the scheme is liquidated.

(5) In order to make possible full participation in EPU, existing monetary and credit arrangements will be amended as far as is necessary to fit in with requirements of EPU. In particular, we are prepared to negotiate an agreed limit to the holdings of sterling by any member, and to revise limits for which provision is made in existing agreements, to take effect as from the inception of EPU.

[HARRIMAN]

396.1 LO/5–1650 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET PRIORITY LONDON, May 16, 1950—10 p. m.

Secto 278. As agreed May 13,[1] Jessup met with Makins, Alphand and Robertson[2] (Canada) on Monday on question closer economic association of Western Europe, US and Canada.[3]

Following points of view emerged. Alphand indicated France wished to establish a relationship of US and Canada with OEEC through which development of long-term relationship would be studied. NAT not suitable because of neutrals and Germany (although conditions might sometime change). OEEC would remain European organization for purely European affairs but link between US and Canada and OEEC would permit study of common problems such as trade, investment, migration, Point IV.

Makins said British saw four sets of problems: (1) Dollar gap which was being dealt with by OEEC and US. (2) Economic problems arising from defense which fell within competence NAT. (3) Implementation Article 2 which should be studied by new body to be set up in NATO. (4) Eventual association with NAT of countries not now members, which was not an immediate problem. British position open and mainly wanted to be sure nothing was done to prejudice line of development (i. e. under NAT).

Jessup said US planned to move vigorously on role it should play particularly in terms of situation which we must expect after 1952. Important to be able to point out to Congress that parallel action was being taken by OEEC and Canada. In our view OEEC was functioning successful organization which could be used to make progress on necessary planning. We thought it might be useful to create a working

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[1] See memorandum of a private meeting of Bevin, Schuman, and Acheson, p. 1054.

[2] Philip C. Jessup, Ambassador at Large, head of the U.S. delegation at the preparatory talks in London; Sir Roger Makins, British Deputy Under Secretary of State for Foreign Affairs; and Wishart McL. Robertson, Canadian Minister without Portfolio and Leader of the Government in the Senate.

[3] A memorandum of their conversation, not printed, is in file 396.1–LO/5–1550.

relationship between Canada, US and OEEC for purpose of working on these problems. We did not envisage this as something requiring amendment OEEC convention. Also it would not prejudice development long-term relationship. There appeared to be difference of view as to where we wanted to emerge in terms long-run relationship which affected question of where it should be studied, i. e., by NAT or OEEC. We hoped to discuss this more fully this week, but thought proposed relationship with OEEC should be confined to work on problems immediately ahead.

Alphand thought French view was close to US but that French were also looking farther ahead to question of what character of future association should be. Robertson thought suggestion was a useful one but indicated strong Canadian interest in developments under Article 2. Makins thought discussion had greatly clarified issues and asked Jessup what action he had in mind. Jessup replied he had been thinking in terms of possible statement by four Foreign Ministers and was requested by others to draft one for discussion Tuesday.

US delegation prepared statement which can be summarized as follows:

1. Three Foreign Ministers discussed complex immediate problems with emphasis what needs to be done.
2. US Foreign Minister indicated value of present relationship to OEEC and thought would be helpful "to broaden this relationship so that it would provide a forum for discussion and consideration of the immediate economic problems of general concern to Western Europe, Canada and the US." Canadian Foreign Minister indicated similar interest in participating study these problems.
3. French and UK Foreign Ministers hoped OEEC would invite Canada and US to establish, on an informal basis, working relationship with OEEC.
4. OEEC should remain primarily concerned with European economic problems.
5. Economic problems related to defense fall primarily within competence NATO.
6. Acknowledges continuing interest of US, Canada and Western Europe in developing economic ties and possibility this may require new organizational arrangements.
7. But urgent task is to make progress on immediate economic problems and proposed relationship with OEEC would facilitate necessary cooperative action.

Statement handed others this morning. Little immediate comment but reaction generally favorable. They will be submitting suggestions during day and third meeting will be held tomorrow.[4]

[4] No records of these meetings have been found in Department of State files.

In view French-British divergence on question development OEEC versus NATO, we believe this is about as far as we can go at present. Harriman thinks this important step forward.

Learned this afternoon that Pearson is strongly in favor US and Canadian relationship to OEEC and supports draft US statement with few revisions. However, Ottawa received wrong impression from Pearson's cable and he sent another today in attempt to clarify. We hope will be possible release announcement Thursday.

ACHESON

840.00R/5–2550 : Telegram

The Acting Secretary of State to the Embassy in France[1]

SECRET NIACT WASHINGTON, May 25, 1950—7 p. m.

2404. Personal for Martin.[2] Fol is preliminary Eur thinking on problem of implementing Four-Power communiqué on coop between Western Eur and North America on econ problems.[3] We assume that next move will be for Brit and Fr to propose that the OEEC issue an invitation to Canada and US to estab the informal working relationship called for in the communiqué. It would be helpful to maintain the momentum achieved by the FM mtgs if this invitation could be issued by the OEEC Council at its forthcoming mtg June 2. It seems to us that the form of the invitation should be brief, should tie in with the text of the Four-Power communiqué, and should not attempt to go beyond the latter in spelling out the form and purposes of US and Canadian assoc with the OEEC.

2. We have also been considering in a very tentative way the problems which we will face after the invitation is issued and accepted. From the language of the communiqué we would judge that it is intended that the present activities of the OEEC and the US relationship thereto through OSR will continue more or less undisturbed and that the cooperative arrangements contemplated in the communiqué will be grafted on to the present setup. Substantively it seems logical to emphasize the problems which must be faced on a cooperative basis by the OEEC countries, the Canadians and ourselves in adjusting to the end of ERP in 1952. Procedurally we think it might be useful to consider the possibility of providing for mtgs of the Council, the exec comite (both ministerial and official) and certain of the most important comites in a form which would insure the US and Canada

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[1] Repeated to London as 2531.

[2] Presumably Edwin M. Martin, Director, Office of European Regional Affairs.

[3] Communiqué issued at London, released to the press May 18, printed in Department of State *Bulletin*, May 29, 1950, p. 827.

the right to participate as full members and not through invitation or in an observer status. Such participation would not have to be made formal by the amendment of the OEEC convention but could be established on the basis of informal agreement. When problems of primary Eur interest are under discussion these bodies would revert to the present form of operation, the Canadians might drop out and the US would resume its observer status. We do not think the Canadians will want to participate even as observers in the full range of present OEEC activities.

3. We hope you will have time to discuss foregoing with Harriman and Bruce before you leave.

WEBB

840.00R/6-1550 : Telegram

The United States Special Representative in Europe (Harriman) to the Secretary of State

CONFIDENTIAL PARIS, June 15, 1950—8 p. m.

Repsec 24. Reference Secrep 22.[1]

1. Official invitation dated June 7 in form letter Marjolin to Secretary was air mailed Department June 12.[2]

2. Executive Committee discussed arrangements US and Canadian OEEC participation June 8. Recommendations made for consideration OSR and Canadian Embassy, Paris, were reported Repto 3159 [3] and included:

a. US and Canada to be represented all meetings Council and Executive Committee with informal understanding we refrain from attending when subject matter renders presence inappropriate.

b. Participation (as contrasted "observer" status) in work of technical committees will be as matter of course with no discretion in chairman to exclude US and Canada and no obligation to refrain from attendance or participation at any time.

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[1] Telegram Secrep 22, June 13 to Paris, not printed, inquired whether a formal invitation to associate with the OEEC was to be expected and, if so, when (340.240/6–250).

[2] The invitation from the French Secretary General of the OEEC, Robert E. Marjolin, was transmitted to Acheson in a letter from Katz, neither printed. The invitation was in part worded: "I am instructed to invite your Government and the Government of Canada to associate themselves, on an informal basis, with the work of this Organization in accordance with arrangements to be mutually discussed" (340.240/6–750). The invitation was formally answered and accepted by Acheson in a letter to Marjolin dated June 30, not printed (340.240/6–750), transmitted in a letter of the same date to the Acting U.S. Special Representative in Europe, not printed (340.240/6–1250).

[3] Not printed.

3. OSR considers these arrangements satisfactory and according to Torep 4946 [4] Department and ECA/Washington concur. US approval was confirmed orally to Hall-Patch and Marjolin when they presented Executive Committee proposal informally to Katz today.

4. Executive Committee plans take note this exchange and US Canadian agreement June 21 and will then submit to Council at official level before June 30 for formal OEEC approval.

Pass ECA.

HARRIMAN

[4] Torep 4946 of June 13, not printed, approved the arrangements reported in Repto 3159 above as generally acceptable and requested details as they were worked out. (ECA Telegram Files, FRC Acc. No. 53 A 278, Paris Torep. FRC Acc. No. 53 A 278 is a serial master file of incoming and outgoing telegrams of the Economic Cooperation Administration for the years 1948–1951.)

840.00R/6–2950

Memorandum by Mr. Louis C. Boochever, Jr., of the Office of European Regional Affairs, to Mr. Hal Reynolds of the Same Office

CONFIDENTIAL [WASHINGTON,] June 29, 1950.

CURRENT DEVELOPMENTS ON EPU

The Executive Committee of OEEC has agreed in outline on the principles for the functioning of the EPU. The current agreement was presented to the NAC [1] Staff Group and will be discussed in the NAC itself on Thursday, June 29. The total volume of credits and drawing rights associated with next year's intra-European payments have been estimated at $1,485,000,000. It has recently been concluded that the credits will not be collectible until three years after the termination of the EPU. The U.K. is to receive special assistance from ECA in the event the use of existing sterling balances by net debtors would lead to U.K. gold payments; and a special reduction in total "quota" has been provided Belgium to meet its objections, as well as some fifty-five million dollars direct aid. Final action by the OEEC Council is scheduled to take place on July 7, and prior to that time various details, including the commercial policy provisions, remain to be agreed upon.

L. C. BOOCHEVER

[1] National Advisory Council.

840.00R/7–2250 : Telegram

The Acting United States Special Representative in Europe (Bonsal) to the Secretary of State

SECRET PARIS, July 22, 1950—5 p. m.

Repto 4076. 1. During luncheon with Deputy Secretary General, Lintott, and Director of Trade and Finance, OEEC, Figgures, at which Tasca [1] and I were present, discussion took place with respect to impact Korean developments and US rearmament on future of OEEC. Deputy Sec Gen observed that high priority which wld now be given to rearmament in Western Europe raised serious questions with respect to relationship between NATO and OEEC on economic and financial questions of common interest as well as future program of OEEC. In his view, it wld be exceedingly difficult to separate economic aspects of new defense programs to be adopted by Western European countries from ERP objectives, which until now have had priority in policies of various OEEC member governments.

2. Lintott expressed grave doubts as to role which OEEC cld play in future if responsibility for economic aspects of combined Western European defense programs were to be centered in NATO in London.[2] Three possibilities were mentioned, namely, that (1) most of the economic work which OEEC was now doing should be transferred to London; (2) important economic aspects of defense would be shifted to OEEC, for which it was admirably equipped to deal on basis experience, data and personnel; (3) some *ad hoc* arrangement which wld leave both organizations to function side by side might be set up. In his view, second solution was by far preferable in view especially of fact that US and Canada now both associated with OEEC. In any event, future of OEEC wld be largely determined by decisions made in this connection.

3. Lintott and Figgures discussed obvious potential impact defense effort on OEEC activities including EPU, trade liberalization and economic integration in general. They also referred to relationship between defense potential of different countries and their participation in various economic programs.

4. It is clear reappraisal in terms newly developing international situation will be required with respect to future role of OEEC in Western Europe, as well as relationship of US objective of economic integration in Western Europe to greatly accelerated defense pro-

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[1] Henry J. Tasca, Special Assistant (staff planning), OSR.

[2] For further documentation on Western European discussion of possibilities of reorganizing NATO or extending its powers to provide it with increased responsibility for economic planning, see pp. 1 ff. and pp. 828 ff.

grams. US Deputy to forthcoming NATC meeting [3] in London no doubt has foregoing considerations in mind. We assume also that they were discussed with Marjolin in Washington and that we will be informed of these discussions. Reasonably prompt handling this problem desirable in view of possibility demoralization which may be setting in with respect to OEEC and possible loss of highly competent personnel in Secretariat and leading natl delegations. In this connection, Lintott noted transfer Alphand from Post Director of Economic Financial Affairs in French Foreign Office to French Deputy on NATC in London, as well as report that in case unnamed member delegation top three members had been sounded out on possibility of transfer to London.

Sent Dept Repto 4076 rptd info London Repto 565 for Spofford.[4]

BONSAL

[3] Reference here is to the Council Deputies' meeting scheduled for July 25. The next North Atlantic Council meeting was scheduled for September in New York.

[4] Charles M. Spofford, U.S. Deputy Representative to the North Atlantic Council. Spofford had recently taken up residence in London where the newly created NATO Council Deputies were scheduled to convene under his chairmanship on July 25.

S40.00R/8–1150 : Telegram

The Acting Administrator of the Economic Cooperation Administration (Wood) to the Acting United States Special Representative in Europe (Bonsal), at Paris

SECRET PRIORITY WASHINGTON, August 11, 1950—[7?] p. m.

Torep 6880. Re Repto 4076 rptd London Repto 565 and Torep 6470 [1] not rptd London. This cable contains views of Dept and ECA on general role of OEEC in Eur rearmament. Next stage is to reduce these broad statements to specific programs on which we are developing our views. Meanwhile would appreciate your comments.

2. Altho Korean situation has resulted in acceleration of rearmament both in western Eur and in US objective of creating dynamic self-supporting economy in western Eur continues to be no less important than it has always been. Required defense effort will not be possible unless there is continuous improvement in basic econ position of countries concerned. Furthermore although necessity to revive WE milit strength will in all probability slow down rate of improvement in standards of living, popular morale on which democratic military

[1] Telegram Torep 6470 to Paris, not printed, gave OSR the preliminary views of ECA on Repto 4076, prior to discussing the matter with the State Department (840.00R/7–2950).

strength must rely requires that maximum possible progress continue to be made toward econ goals set out in OEEC convention.

3. However as increasingly larger resources are devoted to rearmament it is obvious that OEEC cannot discharge its responsibilities without regard to impact of milit program on civilian economy or to possible competition for resources between military and civilian end uses. Furthermore large and efficient rearmament effort in Eur depends upon rapid mobilization of those resources in civilian economy which can and must be devoted to military production and expenditure. Three tasks of fostering econ progress facilitating mobilization of econ resources for rearmament and assessing and minimizing impact of rearmament on civilian economy are obviously closely interrelated and OEEC must be in position to be a primary responsibility at internatl level for first and to play major role in second and third.

4. Additional but very important reason for view that OEEC should assume added responsibilities at internatl level is that mobilization of econ resources must, and minimizing impact of rearmament will, involve Germany and neutrals as well as NAT countries. Habits of cooperation already established in OEEC and lack of adequate alternative organism in which Germany participates make OEEC logical channel for drawing these important non-NAT countries particularly Western Germany into task of facilitating increase in production and mobilization of resources required for rearmament of NAT countries and minimizing impact of NAT defense effort on ERP area as whole. If neutrals are sensitive about active participation in OEEC assessment of impact of milit program some form of "occasional" membership can be worked out for them in comites primarily concerned in consideration this type of problem though every effort should be made to avoid such situations arising as great asset of OEEC is its wide membership.

5. More specifically our views on expanded functions OEEC areas fol:

a. Decisions on magnitude of defense effort development of milit plans and of material and manpower requirements and their translation into desired production targets and schedule clearly not business of OEEC but of NATO.

b. General concern of OEEC should be to appraise positions of member countries after taking account among other factors of econ impact of required milit production and manpower requirements on consumption civilian investment and balances of payments; to evolve and encourage adoption of policies which will facilitate accomplishment of joint goals of econ recovery and accelerated milit production; and to minimize and equalize burden of defense impact.

c. As rearmament effort increases OEEC may also have to concern itself more specifically with needs of civilian economies. Difficult deci-

sions concerning allocation of resources between competing milit and civilian demands may eventually have to be made by individual national govts. This task might be easier and consequences less injurious to continued econ progress if there is functioning intra-European forum to which individual govts can bring their civilian economy problems and coordinate their solutions with those of other members. OEEC can perform invaluable service by assessing impact of milit production and manpower requirements on civilian economies and conversely bringing to attention of national govts those areas of civilian economies where unutilized or under utilized resources can be diverted to increase rearmament effort or to offset (both nationally and on European wide basis) its consequences for civilian population.

d. Specific fields of policy in which OEEC should attempt to work out solutions that take account of rearmament program are domestic financial and fiscal policies with special ref to econ means of securing full use of unemployed resources in Italy, Germany, Belgium and elsewhere (DFEC has of course related function of recommending action in this field to facilitate rearmament program) financing of intra European trade as affected by milit production and procurement; and above all increase in productivity and expansion of production which will accelerate rearmament and make it less painful.

6. While therefore we see no alternative at this time but for OEEC to accept defense production and expenditure programs as prepared and agreed in NATO we believe actual role of OEEC in their development much more important than may at first appear. Development of defense programs is obviously not "one shot" operation but continuing process. OEEC through its analysis of impact on western European economies of any given program will undoubtedly directly affect finance and production ministers appraisal of level and types of expenditures and output which are feasible in later stages and nature of effort which each country can most economically make.

7. In this connection it is apparent that much of work of OEEC would be meaningless unless adequate info on anticipated defense expenditures is made available to it and in such form that it can evaluate in overall setting impact of defense programs on financial stability investment import requirements etc. We recognize that security considerations raise important problem but if production schedules of finished milit items and allocation of output of these items were considered in NATO comites believe security problem in OEEC would be manageable.

8. Direct or indirect impact of increased defense effort should at once be reflected in nearly all activities of OEEC but at least initially as introducing changes in figures or in emphasis rather than changing nature or purpose of work of OEEC. This projection under EPU programs for expanding output of raw materials in DOT's investment

programs in Eur OEEC's third report and other current activities must be based on new facts of defense effort as these are known.

9. Our main doubt about usefulness of OEEC in new situation is whether an organization with so many members which can act only by unanimous agreement is capable of efficient and meaningful performance. As you know we believe org could function more expeditiously if size of Exec Comite were cut down and if Secretariat were granted considerably more initiative than in past. Eventually as size of defense effort grows and if serious competition for materials, facilities and finished products develops between civilian and milit end uses more authoritative agency probably dealing with wider area than Eur will in all probability be needed. State and ECA/W considering this eventuality. Believe however that OEEC can be made effective during transition period.

Sent prity Paris Torep 6880; rptd info ECA London Ecato 1021 for Douglas and Kenney.

WOOD

840.00R/8–1250 : Telegram

The Acting United States Special Representative in Europe (Bonsal) to the Administrator of the Economic Cooperation Administration (Hoffman)

SECRET PARIS, August 12, 1950—6 p. m.

Repto 4492. For Bonesteel[1] and Breithut.[2] Reference: Torep 6470,[3] July 29, 8 p. m. and Cleveland–Gordon telecons 8/8 and 8/9.[4]

1. Herewith comments OEEC–NATO relationships based on discussion within OSR, August 10 conversation among Stikker, Bonsal and Gordon and discussions London and Paris with members major OEEC delegations and Secretariat. All conversations have been informal. It is clear that no PC Government has yet arrived fixed views, although active consideration proceeding several capitals. There is strong tendency to await US lead and general agreement that US position will be decisive. We believe highly desirable have clear US position when NAT deputies resume London August 22 and essential have firm position at least by time mid-September New York meetings.

2. All views canvassed thus far, including our own, generally accord reftel. Several considerations clearly combine make desirable

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[1] Lt. Col. Charles H. Bonesteel, 3d, Executive Director of the European Coordinating Committee, the regional office of the Mutual Defense Assistance Program.

[2] Richard C. Breithut, Senior U.S. Representative on the Permanent Working Staff of the NATO Defense, Financial and Economic Committee.

[3] Not printed. See footnote 1, p. 665.

[4] Record of these conversations not found in Department of State files.

maintenance OEEC not merely alive but vital instrument West European economic cooperation.

(*a*) Whatever pace developments German participation western defense efforts, can not expect early German membership NATO. There is thus important advantage maintenance effectively functioning European Economic Organization in which Germany already full member.

(*b*) Obviously desirable maintain economic cooperation among NAT members and Switzerland and Sweden. Note that both latter could probably undertake substantially increased national defense efforts. So far as possible, desirable encourage action paralleling that NAT members.

(*c*) Although less important, membership Greece, Turkey, Ireland, Austria and Trieste in OEEC also militates against idea complete replacement by some form NAT economic committee.

(*d*) Maintenance OEEC not only as symbol continued interest but also as effective instrument continued promotion of economic recovery, long-term economic expansion, increased living standards, and closer European economic integration of major importance general psychological and public relations view points.

(*e*) OEEC is competent and proven organization with excellent Secretariat, while NATO lacks Secretariat other than for purely mechanical duties. Moreover, OEEC delegations and Secretariat familiar basic economic problems and by now enjoy effective mutual working relationships. Minimum of several months would be required to recreate this situation in new location under new auspices.

(*f*) NATO itself must be regarded as still on trial in terms actual effectiveness cope problems joint planning and implementation major defense and definite production effort. If even fair likelihood reconstitution on streamlined basis, such as suggestion occasionally heard of more centralized direction through tripartite combined boards, hasty shifting bulk OEEC functions to NATO would be dubious move.

3. Assuming maintenance OEEC on active basis, its operations must obviously be adjusted to deal realistically with changing economic problems arising from partial economic mobilization. For substantial range of topics, division of function between OEEC and NATO clear-cut. We concur fully statements this subject paragraph 4 reftel and much paragraph 5. In summary, (*a*) joint military effort and common defense production planning and execution obviously NATO functions, while (*b*) analysis economic impacts both near and long-term, and adjustments cooperative economic policies, national policies impinging thereon, and such functions as international allocation source raw materials (if that contingency arises), should all be assigned OEEC. Including non-NAT members in organization handling latter topics should raise no objections by neutrals and should be positive advantage, since non-NAT members have major stake in

decisions and may contribute much to success over-all western European objectives.

4. Crucial problem of relationship, in which boundary very difficult to define, arises in connection special economic adjustments for equitable sharing common defense burdens among NAT countries, including especially supplementary US economic aid. Expected US aid to other NAT countries basically in three categories—(*a*) military end products, (*b*) raw materials, components, and production equipment specifically involved in expanding European defense production, and (*c*) general economic support. Mechanics for providing (*c*) might take form off-shore procurement European-produced military end products (including so-called off-shore procurement for use in country where manufactured), goods and services meeting cover dollar gap on traditional ERP lines, or united loans or grants.

5. Whatever the mechanics, considerations involved in determining amounts and distribution necessarily require analysis total economic positions, including national accounts, dollar and non-dollar balances of payments, changing terms of trade, internal financial equilibrium, and rest familiar ERP criteria. From view point of recipient country, whatever differences in conception or administration, supplementary economic aid to support its expanded defense effort indistinguishable from remainder ERP aid. We assume, moreover, that both will be administered by ECA and that for fiscal 1952 even legislative distinction may become blurred. How such supplementary aid is divided will of course be subject intense interest to NAT partners, as OEEC experience in aid division clearly indicates.

6. Assume there must be some form multilateral consideration this problem if basic NAT concepts of integrated defense and defense production plans, balanced collective forces, et cetera, are in fact to be implemented. Actual handling might range from (*a*) completely multilateral extreme of internationally administered pool (which we guess to be impracticable) through (*b*) something like OEEC agreed recommendations on aid division, through (*c*) multilateral discussion general criteria but unilateral US determination actual distribution to (*d*) other extreme purely bilateral handling on lines MDAP to date. Actual degree multilateral consideration should be maximum consistent practical requirements of speed and effectiveness in decisions. By very nature, this problem intimately related both to common defense effort and common production plans worked out through NATO and to broader economic developments of primary concern to OEEC. If handled in London through NATO machinery, PC should, in fact, transfer most competent personnel from Paris, since staffing general economic organizations in two locations out of question. OEEC would rapidly wither as effective instrument for economic

cooperation even though EPU and a few other residual activities might remain. Yet impossible assign this whole task to OEEC with its inclusion 6 non-members NAT.

7. Only constructive means resolving this dilemma, which has emerged simultaneously and independently in our own thinking, in Stikker's, in several other delegations, and in OEEC Secretariat, is possibility creation NATO economic committee in Paris composed *de facto* of OEEC delegations from 12 member countries. Would work most effectively if arrangement could be made for part-time use OEEC Secretariat, OEEC organizatiou being reimbursed for services. Working quarters and documents would of course be kept separate and subjected rigorous security precautions. While on many issues of detail, questions would arise on assignment to OEEC as such or to Paris NAT group, *ad hoc* resolution would be far simpler than in case separate locations with separate staffs.

8. Of course recognize considerable difficulties raised by this suggestion. Disadvantages existing arrangements for location standing group in Washington and bulk NATO in London would be multiplied by adding third *locus major* NAT activities. Question would arise whether DFEC permanent working staff should not be fused into such broader economic committee; our tentative view is that it should. It would be necessary devise means for effective line between military production and supply board work in London and economic committee work in Paris. On basis general considerations outlined above, however, believe this most effective solution to exceedingly difficult dilemma.

9. Establishment NATO economic committee in Paris composed of same individuals as OEEC delegations should in itself raise no issue with neutrals. On other hand, use OEEC Secretariat services would require formal action OEEC council. This might create concern, especially in Sweden and Switzerland. Stikker believes should be possible obtain Sweden cooperation such action, but is more uncertain on Swiss.

10. Stikker has discussed issue OEEC–NATO relationships in very broad terms with Unden (Sweden)[5] at Strasbourg and in Paris with Bauer[6] (Switzerland) and Von Sydow (Sweden). Has taken general line that (*a*) EPU and broad trade liberalization movement in OEEC-wise basis must go out (*b*) OEEC must not be directly concerned with military or military production issues, and (*c*) economic consequences changed defense plans, whether made collectively by NAT members or individually by others, and economic readjustments to facilitate implementation such plans should be handled realistically by OEEC and are necessarily of interest to all OEEC members. Stikker has

[5] Bo Osten Undén, Swedish Minister of Foreign Affairs.
[6] Gérard Bauer, Counsellor in the Swiss Embassy in France.

found favorable attitude this line by both neutrals. He has not yet raised question of possibility formal arrangement for partial use OEEC Secretariat to assist NATO in general economic work.

11. Stikker will probably make informal visit Bern week of August 14 or August 21 to consult Federal Council members these issues. He would welcome further enlightenment US views if possible before such visit.

12. Desire your views soonest as these questions under constant informal discussion here. Please repeat future messages this subject London for Bonesteel, Breithut and Gordon.[7]

Sent Washington, repeated London Repto 622.

BONSAL

[7] Presumably Marcus J. Gordon, Executive Director of the Interim Office of Technical Cooperation and Development.

740.5/8–1550 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY FRANKFORT, August 15, 1950—7 p. m.

1327. Eyes only for Acheson and Foster. I am greatly disturbed at reports I have heard that ECA policy as outlined in a contemplated circular to missions is that nothing should be done in regard to rearmament which may in any way interfere with existing living standards or present economic development, a line which is generally in accord with the London *Times* editorial of August 4.

In my judgment this is the most ineffective approach imaginable at this stage in world history. It discloses an utter lack of appreciation of the necessities. It is the same shallow and wishful thinking that marked the old "business as usual" slogan of the British in the fall of 1914, and its effect this time may be even more tragic. The idea that Europe can rearm effectively without real sacrifice is sheer nonsense. This circular seems to imply that the only sacrifice contemplated is some slowing down of anticipated improvements in the future. We cannot sensibly continue to pour money into Europe for economic rehabilitation without adequate strength to protect it, and all indications are that there is not enough time to permit such strength to be created after full economic objectives are achieved. Unless Western Europe faces the facts and the need for real sacrifices we shall not acquire any real strength.

In my judgment the size of the problem is such that the US is incapable of taking on the burden of the world-wide rearmament and full economic rehabilitation at the same time. Moreover if the Euro-

pean countries feel that no sacrifices need be made they will not take the unpalatable measures which effective rearmament demands. The note which must be struck at this time is one of sacrifice and tough sledding with a willingness on the part of the US to help if such policy is adopted.

For the first time in many months there have been signs of a growing will to make sacrifices in order to achieve a real measure of defense and one to replace the pure façade we have thus far had. It is this spirit which must be encouraged, whereas it would only be weakened by further talk of business as usual. It is most important that ECA should not instruct its missions at this time in any other vein if we are serious about the defense of Europe.

McCloy

840.00R/8–1750 : Telegram

The United States Deputy Administrator of the Economic Cooperation Administration (Foster) to the United States Special Representative in Europe (Harriman), at Paris

SECRET WASHINGTON, August 17, 1950—4 p. m.

Torep 7010. Ref Repto 4493 and Repto circ 185.[1] This cable contains ECA position, concurred in by State, on revision of long-term program to be considered by OEEC Council 18 August. Agree necessity of postponing and revising instructions and questionnaires for long-term program and believe that national replies to questionnaires should be postponed probably until winter, when clearer and more adequate defense plans have been developed.

2. Overriding consideration in support of this position is state of European defense plans at present and expected for immediate future. As you know, national defense plans currently emerging should in nearly all cases and in many respects be subjected to substantial revision before they would be considered adequate by US. Preparation of replies to OEEC questionnaire on basis these plans would therefore in large majority of cases tend to establish projections, goals and requirement so sharply inconsistent with defense effort we hope will be forthcoming over coming months, and thus would tend to be of dubious value. Question is primarily one of timing. Five-year programs of economic expansion and integration and reassessment of dollar position remain important tools European recovery policy, provided they are based upon realistic defense estimates.

3. August 18 Council meeting obviously not appropriate time or place to express US opinion on national defense efforts now under dis-

[1] Neither printed.

cussion, however, there are cognate reasons for further delay of long-term program, which can appropriately be advanced, such as lack of clarity on nature and impact, internal and external, of defense efforts both of participants (including sterling area) and of US. Most participants still unclear on composition their defense efforts and of contributions to one another. Estimates of effects on US balance of payments as well as on country B/P cannot usefully be made on basis facts available in September and October. For this reason we doubt usefulness of such projections for some months to come to OEEC or to ourselves.

4. Recognize problems of shifting gears, as indicated in Torep 6880 [2] on relation of OEEC to European rearmament effort. If OEEC can be induced to participate in defense effort along lines indicated in Torep 6880, it will be necessary substantially to revise long-term program questionnaire in order provide data necessary for OEEC assessment of impact of defense effort. Specifically, considerable additional time will be required on national budgets and internal fiscal and financial problems generally. Revision of questionnaire might, as you suggest, be undertaken during September if by then OEEC's role defense effort has been clarified. However, as noted above, we do not believe that national replies to questionnaires should be scheduled until there has been further improvement in magnitude and timing of increased European defense effort.

Sent Paris Torep 7010, rptd info London Ecato 1040 for Gordon.

FOSTER

[2] Dated August 11, p. 665.

750.00/10–550 : Circular telegram

The Acting Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, October 5, 1950—9 p. m.

18. High level Govt consideration being given draft paper (not prepared Dept.) in which fol assumptions or conclusions set forth. Your comment on validity these assumptions or conclusions requested soonest:

"1. Econ trends Western Europe will be far less favorable in next three years than in past three.

"2. Continued U.S. support on present basis and increasingly aggressive Sov tactics and rising East-West tension will not have same polit meaning to continent in 1950–1953, that they had 1947–1948.

"3. Roots of problem Western Europe's morale lie in feeling present polit structure Eur society grossly inadequate cope with rigorous

[1] Sent to London, Paris, Frankfort HICOG, Rome, Oslo, Copenhagen, Brussels, The Hague, Stockholm, and Bern.

world environment. Most continental Eur realize present natl polit org Western Europe simply unable guarantee to individual real security, freedom and progress.

"4. Responsible leadership Fr, Ger, Belg, Ital and Dutch Govts now fully committed to union. No continental Eur politician today can afford to be against union. Public opinion polls have shown again and again an overwhelming majority in favor idea Eur federation. Lack effective polit action in Europe toward union has led us assume that vitality continental nationalism far greater than it is. Fact is demoralization which has accompanied growing loss faith in natl polit order and in its ability survive has so far prevented necessary polit initiative and leadership toward union from arising within Europe. Continental Eur polit loyalties have, to a critical degree, been withdrawn from going natl order and remain unpledged awaiting effective leadership which can inspire them with a realistic belief in attainable goals of union.

"5. Present polit structure continental Europe no longer capable supplying necessary org and inspiring necessary morale. People of Western Europe have fundamental conviction that purely cooperative arrangements among sovereign Govts do not really touch basic weakness of natl polit structure Western Europe and therefore cannot provide basis for transformation morale. Effects of this loss faith in natl order Western Europe have reached widely and deeply into Eur life.

"6. Problem is nothing less than restore faith continental Europe in its own worth and its own future. This cannot be done on basis present natl polit framework which must be remade into something broader and stronger. If Europe can be brought believe in a clear polit goal and can be led through first steps toward it, a radical change in Eur attitudes and transformation morale, conditions for success aid programs and U.S. policy Europe, are possible. For this, essential ingredient now lacking is effective continuous leadership. Under present circumstances, such leadership cannot be expected arise spontaneously in Europe. It has long been apparent only USG has strength, self-confidence and freedom action give this essential leadership." [2]

WEBB

[2] Ambassador Murphy, in his telegram 562 of October 12 from Brussels, took issue with all six points of this circular. Ambassador McCloy, in his telegram 3107 of October 13 from Frankfort, agreed that most of continental Europe might be dissatisfied with the region's national political organization and might favor some form of federation, but he disagreed with the thought of seeking such a union through aggressive U.S. leadership. Ambassador Eugenie Anderson, in her telegram 373 of October 14 from Copenhagen, agreed with the need for continuing progress toward the unification of free European countries, with U.S. support, but questioned the effectiveness or advisability of actual U.S. leadership in the development. Mrs. Anderson said that Denmark, at least, was more concerned with the question of its military security than with thoughts of European political unity. Ambassador Chapin, in his telegram 579 of October 19 from The Hague, concurred in the assumptions of paragraphs 2, 3, and 5 but questioned the others. Llewellyn E. Thompson, Jr., Deputy Chief of Mission in Italy, in his telegram 1795 of October 23 from Rome, took partial issue at least, with every one of the circular's assumptions. The Minister in Switzerland, John Carter Vincent, in his telegram 647 of October 26 from Bern, questioned or qualified all six assumptions and expressed belief that U.S. influence, rather than leadership, would be the key to increasing European integration. These replies, not printed, are in Department of State file 750.00.

750.00/10-1450 : Telegram

The Chargé in France (Bohlen) to the Secretary of State

SECRET PARIS, October 14, 1950—7 p. m.

2002. Depcirtel 18, October 5, 9 p. m. Following are our comments on assumptions and conclusions set forth reftel describing draft paper not prepared in Department and to which high level government consideration being given.

Before entering upon detailed analysis reftel, we wish to state as emphatically as possible that we believe in ultimate objective of strengthening political and economic structure of western Europe through the creation maximum number of effective media for international cooperation, including supranational bodies. We believe American policy has furthered and is furthering achievement these ends which are supported, though not without qualification as to timing and substance by majority influential European public opinion. We do not however believe assumptions and conclusions set forth in reftel bear a sufficiently close relationship to European political realities to render them useful under immediate circumstances with which we believe ourselves to be confronted.

These circumstances may be very briefly summarized as follows:

(*a*) Major factor depressing morale of non-Communist Europe is fear of Soviet aggression in view present relative defenselessness of western Europe.

(*b*) Our major current effort in both defense and economic fields is being directed at helping to overcome this feeling of defenselessness.

(*c*) In absence overt Soviet aggression or imminent threat thereof, national governments western European countries have now, we believe, achieved condition of stability in which internal subversive elements can no longer envisage major successes (in absence of course of major economic depression).

(*d*) Five years since termination hostilities have witnessed astonishing progress in comparison any previous period toward unification western Europe. One has only to recall isolated, selfish, even suicidal manner in which major economic military and political problems of common concern were met in 1939 and previously to realize extraordinary advance represented by creation OEEC, NAT, Council of Europe, Schuman Plan negotiations, et cetera. At same time practical difficulties of immediate or even very rapid political and economic unification becoming increasingly apparent as new ground being broken in fields hitherto untouched by international action. Among practical problems of course is UK attitude, with the general lines of which we assume drafters of paper summarized in reftel to be familiar.

(*e*) Any generalized approach to conditions in western European countries immediately runs into fact of great diversity of conditions in these countries. Practical question which must be asked is this: to what extent will prompt political union make to an immediate con-

tribution to solution of specific political, defense and economic problems facing western Europe.

We turn now to comment on numbered paragraphs reftel:

[Here follow comment on assumption 1 and the first paragraph of comment on assumption 2.]

[2.] It is most important that we realize that thanks in large part to renewed national self-confidence in framework of US aid and intra-European cooperation, Soviets and their local allies have suffered series major defeats on political and labor fronts in west Europe. Even in countries where numerical strength of Communist parties apparently remains fairly constant, action possibilities of Communist leadership greatly limited by their knowledge rank and file unwilling and unable to follow directives aimed at producing economic and political chaos for Soviet benefit. We believe however that fear of Soviet aggression will continue during next three years to be major political fact in Europe with twin effect on the one hand of depressing morale until rearmament much further advanced than at present, and, conversely, on the other hand of continuing to make major contribution to growth intra-European solidarity. Failure on our part and on part our European allies to pursue present policies would indeed encourage Soviet aggressiveness.

3. While it is obvious major continental countries, especially France and Italy, are passing through severe crisis of public confidence, fact is national political structure has shown great sturdiness in face knocks of two wars and major depression. Attempts to overthrow democratic governments in France and other western European countries have failed and present line-up against such attempts stronger than ever. Growing strength of national structures is not inconsistent with growing realization that individual national governments are unable alone to guarantee to the individual real security, freedom and progress. In fact, to extent national governments give practical effect to this realization by engaging in various forms of international cooperative action they strengthen public confidence in them.

[Here follows the first paragraph of comment on assumption 4.]

[4.] We repeat that in many European countries, including France, the national political structure, including the machinery of democracy, is passing through a crisis of public confidence. In view of the disasters of our generation and the unsolved major social and economic problems it would be strange if this were not so. Yet since 1947 there has been, thanks in large part of [*to*] US assistance and example, a great improvement in national morale in western Europe. It is upon this foundation rather than upon a turning away from and a rejection of national political orders that we must build. We disagree fundamentally with assumption that a strong European union can be created on basis loss of faith in national political orders. We view restoration of national self-confidence and stability in western Europe as major asset of free world. Communist propaganda and tactics amply demonstrate that Communist leadership agrees with this statement.

[Here follows comment on assumption 5.]

6. US leadership and example has achieved great things in post-war Europe. The opportunities for future achievement are great and fate of free world probably depends on their being taken the fullest advantage of. But official US leadership can be exercised only through and in contact with the national leadership which the western European peoples have given themselves through exercise of their own democratic privileges and responsibilities. We energetically reject possibility that, if there is a lack of "effective continuous leadership" in France this lack can be replaced by action of US Government to "give this essential leadership". In fact it is vital that US leadership be so exercised as to strengthen not weaken prestige and influence national leaders of European countries. Accusations that latter are lackeys and slaves of Washington is favorite theme of Communist propaganda—a propaganda often astute at national level.

In conclusion, we must build world of future with materials we have at hand. In Europe, those materials include a large number of rugged national communities. We must maximize advantages and minimize drawbacks of our material—but we cannot build without accepting it for what it is rather than for what some of us would like it to be.

While we would agree that opportunities for US leadership in many directions must be continuously explored and developed, we believe that our leadership in direction of European unification may have been exercised even beyond effective limit, especially in absence of any willingness on our part to subordinate our own sovereignty beyond existing arrangements. We understand and sympathize with US impatience at alleged slow European progress toward unification, but realities of European situation must be faced and it would appear major responsibility of Department and related agencies to help inform US public opinion adequately of those difficulties instead of permitting impression to arise that failure to progress more rapidly due primarily to lack of vision and of effective leadership.

BOHLEN

750.00/10–1750 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, October 17, 1950—4 p. m.

2213. Depcirtel 18, October 5. I recognize that complex problem of European integration requires continuous attention and that developments since Korea, particularly in defense field, make advisable review of US position. I hope however, that any reappraisal will start with realities of present European scene and will not be based on presuppositions of doubtful validity which will lead surely to invalid if not hazardous conclusions and lines of action.

Careful reappraisal will, I think, demonstrate once again that foundation of US policy toward European integration must be principle of gradualism and trial and error. Effort by US to blueprint plan for genuine political federation and press it upon Europe is philosophically wrong, would inevitably fail, might even reverse progress already made and certainly would waste time and energies badly needed to attain other objectives which as they are reached seriatim will carry Europe further on its way toward union. This is especially true since US would certainly not be willing to participate fully in such a plan. Impression of bankruptcy of European political and social order and urge for revolutionary changes in political structure which seem to underlie draft paper does not accord with our reading of the patient's temperature chart. We are on verge of real progress toward creating effective defense within NAT framework. If we are successful in this it will do more to restore faith of Europe "in its own worth and its own future" than any other single development which we can conceive of. I do not mean that we have all the answers or that we can feel self-satisfied about prospects for future. Although it is an essential foundation, adequate defense will not alone restore continental morale. Dynamic social philosophy and program which will recapture for democracy loyalties of working classes and other wavering groups together with leadership to put them into effect are also required. Federation may be an element in or possibly a logical outgrowth of such a program but it is not a substitute for it. And US contribution to supplying leadership and bringing it about can best be made through NATO where we are full and equal members and OEEC where we have some degree of participation rather than by trying to pressure Continent into organization from outside.

Our specific comments follow:

1. Economic forecasting particularly since war has been largely exercise in necromancy and present appears to us especially hazardous time to engage in this favorite indoor sport. Since some estimate of future trends must be provided, however, good case can be made against any serious deterioration in Western Europe's economic position during next three years. If inflation can be kept under control there may even be some improvement in countries with underutilized resources such as Germany, Belgium [1] and Italy. Overemployed economy such as UK may [find going] tough and inflation difficult to prevent, but they are more likely to hold it under some control at least for the short run. But there is no reason to suppose that federation will either suppress inflation, make its control easier, or necessarily improve the economic prospects for the area presently represented by a number of different nation states with wide variety of views toward

[1] The London post file copy of the outgoing message does not include Belgium in its listing here of Germany and Italy.

function of government. Much depends on whether US undertakes necessary measures and leadership to keep raw material prices from spiralling and thus preventing further deterioration in Western European terms of trade.

2. We do not believe US should base policy on assumption Soviets will continue to provide periodic aggressive moves to put over Western programs. Korea may have frightened Russians into degree of caution. Whether they are aggressive or cautions, we should continue to build upon foundations laid by past US support which has weakened strength of communism throughout Western Europe and in UK has greatly reduced number of those who distrust American motives in aiding them or who still put their faith in Soviets.

3. Other posts are of course in better position to appraise continental attitudes than we. From here, however, paragraphs 3, 4, 5 appear to overstate loss of faith in national order and sentiment for full continental federation. Polls of which we have knowledge have been loosely worded and have asked for attitude toward European "union", not federation. Furthermore from debates and votes of August session of Council of Europe's assembly it appears doubtful that any but few extreme federalists are willing to go ahead without UK. German reaction in recent weeks suggests that they are more interested in any association with West which will further their return to control over their own affairs than in continental federation as good in itself. British have not lost faith in themselves as nation and indeed may be too content with present international political structure. In any event they have no intention of submerging themselves in a European federation.

4. Apart from question of continental attitudes, conclusions of draft paper appear to view continental federation as single answer to all of Western Europe's problems. This it clearly is not. Morale in Western Europe as elsewhere depends primarily upon (*a*) security from aggression and (*b*) economic recovery and rising living standards. Active US and UK participation is key to first and important element in second. This was recognized on military side by Atlantic Pact and on economic side by decision to associate US and Canada with OEEC. Improvement in economic conditions in continental European countries depends greatly upon administrative and fiscal reforms which federation might make more rather than less difficult at least in short run.

5. For all these reasons any continental grouping which develops must be closely tied in with [U.S.] and UK in North Atlantic association. We should encourage any initiative by countries to pool their resources and to solve their problems by joint endeavor. Our immediate goal should be to persuade European countries to solve each of their common problems. Federation of continental powers as an ultimate goal, may be thus approached and be finally attained.

We can press for more effective cooperation but surely we must leave to Europeans themselves choice of instruments to accomplish this aim. One of main reasons for seeking closer integration is that it should reduce tension between France and Germany. Real *rapprochement* between these two powers is essential to solution of common European and even some North Atlantic problems. We must be care-

ful not to force pace thereby running risk of jeopardizing degree of Franco-German *rapprochement* already achieved. Overt leadership in this field can come only from France and can succeed only if there is a receptive Germany. The Franco-German problem remains the key to the solution as it has been for many years.

6. Whatever position we finally adopt on subject of continental federation we strongly urge that, at appropriate time, we discuss question with British. Even though they will not join a federation and therefore can scarcely assume leadership toward this end, they have great influence on continental countries and their attitude toward continental unity might be vital factor in its success. We do not need to accept their views but we should be sure that they know ours.

Sent Department 2213, Paris 638, Brussels 103, Frankfort 267.

DOUGLAS

750.00/10–2050 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

SECRET BRUSSELS, October 20, 1950—6 p. m.

616. With further reference to your circular 18 and my 562,[1] I had occasion recently to put several questions to Spaak regarding European federalism. Spaak has now written me during the course of his current speaking tour. Following portion his statement is pertinent to circular 18:

"At the basis of my position as it concerns Europe, there is a certainty that the Western European countries are incapable in their present state to resolve each one by itself a certain number of problems.

"I think that it is unnecessary to demonstrate this in the military field. I think also that what is true in the military field is also true in the economic field and that when you say that you personally had been encouraged by the standard of living achieved in Europe since the war, I must remind you that this would not have been possible without the generosity of your country. What would have become of the European standard of living if we had not had Marshall Aid? That being said, I do not think that there is a present possibility to realize a federal Europe but I think that in certain fields carefully delimited and very precise (the Schuman Plan appears to me to be a particularly interesting trial), an integration of the several interested European countries would be possible. I believe personally that arrangements at the government level, between the states which have conserved integrally their national sovereignty, provides an entirely insufficient solution and does not permit the resolution of certain fundamental problems.

"An Europe organized on new bases must absolutely reject the concept of neutrality in the great conflicts which divide the world. This new Europe must, to the contrary, bring its force to bear in full independence and where, in its eyes, the defense of right and of its essential

[1] See footnote 2, p. 675.

interest is found. That is to say, at the side of the US and Atlantic community. I am not at all sure at the present time that a great majority among the European peoples is fully conscious of these problems, nor in accord with the solution which I propose.

"I believe that there is in this field enormous work to be done. I must say that this work is not facilitated by the position taken by the English who seem to be more and more hostile to tying themselves to Europe. But for me, a federation or national European organization without the English would be contrary to the purpose which I propose. But it would unduly lengthen this letter to explain to you all of the reasons and all the dangers which I perceive in a purely continental union.

"It seems to me that during the last years, the US have done what they could to enable us to organize Europe. The result would have been infinitely more favorable if on the English side, one had shown the same good will and desire.

"I continue, however, to believe that at the same time, within the framework of ECA and military affairs, the US will be able to help us considerably."

Sent Department 616, repeated information London 106, Paris 133, Frankfort 39.

MURPHY

740.5/12–1650 : Telegram

The Secretary of State to the United States Deputy Representative on the North Atlantic Council (Spofford), at London[1]

CONFIDENTIAL NIACT WASHINGTON, December 16, 1950—9 a. m.

Todep 171. Eyes only for Spofford.

1. This is joint State–ECA message. Harriman concurs. Subj is OEEC–NATO relations.

2. In our judgment, increased emphasis rearmament makes imperative fundamental reexamination and development clear-cut US position this subj. As you recall, May North Atlantic Council discussion possible activation NAT economic machinery resulted interim decision pursue alternative of informal US and Canada association with OEEC for gen purposes economic cooperation North America plus Western Eur. In practice, however, because of increasing importance NATO functions and increasing dominance rearmament consideration in NATO countries economic policies and programs, need has been felt for expanding work in economic sphere on basis NATO membership only. Certain incidental factors have contributed to this development, including strong feeling some Brit circles desirability emphasizing NATO at expense OEEC because US full and equal partner in former while Brit among "suppliants" in latter. Creation of NATO

[1] Sent also to Paris, eyes only for Katz (Torep 10551).

working group of twelve in Paris [2] on economic distribution of burden reflects effort bridge growing gap; however we have impression many persons concerned, especially OEEC personnel, are unclear respective future responsibilities this group and any London group in economic field. Problem intensified by new proposal creating permanent group financial and economic advisers to NAT deps (Depto 305).[3]

3. Consequence these developments, as reflected in conversations here with OEEC policy group, and confirmed by Wood and others recent conversations individual OEEC delegation and secretariat members, appears to be increasing sense, justified or not, of demoralization in OEEC. We feel present position increasingly unstable and undesirable. *De facto* situation, is piecemeal building up of NATO economic functions and tendency toward corresponding withering of OEEC. We increasingly doubt feasibility co-existence as effective instruments in two separate places of two North Atlantic economic bodies with largely parallel membership and overlapping responsibilities of uncertain definition. We also see no hope sound solution without clear and concerted US position and leadership.

4. We believe gradual withering of OEEC undesirable on several counts. US has made important investment in prestige this organization, culminating particularly in arrangements informal association and active participation in full range its activities. OEEC is symbol and instrument of major US Congressional and Administration policy to foster EUR economic integration. OEEC is only international organization containing Western Ger as full and equal member, which sits in inner circle exec comite. Swedish and Swiss participation affords important opportunity maintaining their effective cooperation with West and tacit support NATO program. Maintenance formal cooperative ties with other non-NATO OEEC members, i. e., Ireland, Austria, Greece and Turkey also desirable. Moreover, OEEC as going concern with cooperative habits and effectively organized technical secretariat offers important values very difficult and time-consuming to recreate. At same time, NATO requires more closely knit economic collaboration its members on issues directly related common mil effort. Expedient NATO subcommittees in Paris geographically separated from deps and DPB seems not to offer genuinely effective solution.

5. We therefore conclude that considerable measure of *de facto* consolidation is indispensable to satisfactory working relationship, a prerequisite to which is location in same city. This wld permit NATO economic work to be carried on as part of NATO organization

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[2] Prior reference to this group is in Todep 63, October 17, and Depto 116, October 20, neither printed.

[3] Telegram Depto 305 from London, December 9, not printed.

in NATO committees, composed of persons who also serve as members of OEEC delegations and in many cases on corresponding OEEC committees with wider membership. Arrangements wld also be made for joint use selected members OEEC Secretariat after appropriate security clearance. This arrangement would (*a*) permit variable division of functions between two organizations subj ready modification as circumstances dictate; (*b*) solve increasing concern many delegations problems staffing two separate economic organizations; and (*c*) automatically avoid duplication and frictions arising therefrom. In absence such arrangement, these will be growing problems particularly if NATO takes on major program technical industry work. This consolidation wld greatly simplify US staffing and concerting of positions and efforts US Eur regional organizations. This arrangement might also facilitate development of more or less informal arrangements for handling difficult but probably urgent problem of bringing Ger in on NATO economic work. Recognize that these arrangements shld in due course be superseded by still more fundamental long-term resolution of organizational problems in North Atlantic area.

6. We recognize obvious difficulties move either OEEC to London or NATO to Paris. Believe latter technically easier in view present relative size organization. Perhaps also some advantage closer proximity to SHAPE; unable assess prestige considerations affecting either UK or Fr attitudes this point, although some injured feelings doubtless wld result. A move to London might present difficult political problem for Swedes and Swiss, strengthening hand of neutralist elements in these countries which might oppose closer arrangements between OEEC and NATO. Transfer to London might have some merits strengthening UK interest as second leading NATO partner and problem of Fr feelings might be eased in view establishment SHAPE in Fr. Either wld be feasible from US viewpoint.

7. Obviously desirable consider carefully any commitments with respect organization economic work in OEEC or NATO from now on in light of fact that proposal of kind described above is under serious consideration US Govt. Once US has clear position, and pending international agreement thereon, believe US shld endeavor shape decisions in NATO and OEEC so as move toward accomplishment US plans.

8. Possible but undesirable alternatives to proposals in paras 5 and 6 appear to be either: (*a*) attempt place all NATO economic work in Paris, with similar relations to OEEC but great disadvantage geographical separation from deps and DPB,—we believe that in fact this attempt wld prove vain—or (*b*) deliberate and conscious building up NATO economic organization with formal agreement OEEC,

including transfer portion OEEC secretariat, leaving Paris OEEC as residual body handling EPU, intra-Eur trade policy, and some gen collaboration with non-NATO members. This wld have major disadvantage absence Ger from proximity to NATO work and generally wld sacrifice most OEEC assets mentioned para 4 above. This arrangement wld also involve an unworkable split in economic work which wld prove very confusing (e. g., operations of EPU are, of course, not purely civilian affair but closely related to conduct of Eur transfers of components of mil production).

9. Also involved here, for decision before long, is desirability fuller and more formal US and Canadian participation in OEEC. Problem appears to be how far it is useful and possible for US to go in this direction. OEEC delegation has raised this question urgently, and matter is being restudied here in light of changed conditions.

10. We regard clear US position this issue matter of urgency. Cld we have soonest your respective views and, if you can find early opportunity personal discussion together, your joint views.

ACHESON

740.5/12–1950 : Telegram

The United States Special Representative in Europe (Katz)[1] *to the Administrator of the Economic Cooperation Administration (Foster)*[2]

CONFIDENTIAL PRIORITY PARIS, December 19, 1950—7 p. m.

Repto 6905. Reference: Torep 10551, sent London Todep 171.[3]

1. I agree that: (*a*) it is time to come to grips with problem OEEC/NATO relations in fundamental terms; (*b*) there should be considerable measure *de facto* consolidation economic work NATO and OEEC on practical working basis at points of overlapping and duplication; and (*c*) importance location in the same city. At same time, to realize full value of these steps, I feel they should be taken in context larger process transition and readjustment. This broader context involves many other factors, including some more far-reaching and fundamental. I also have a question whether reftel does not perhaps lay too much emphasis on importance preserving OEEC as such.

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[1] Milton Katz assumed this post when Harriman became Special Assistant to the President on June 28.

[2] Foster succeeded Hoffman as Administrator on October 1.

[3] *Supra.*

2. It seems to me helpful to take as point of departure functions to be performed. In OEEC/NATO area the principal sets of problems with which we are seeking to deal relate to: (*a*) political and strategic aspects North Atlantic defense; (*b*) requirements North Atlantic defense forces; (*c*) procurement and production planning and expediting for military end items; (*d*) US aid in its various forms, direct and indirect; (*e*) supply and distribution of raw materials; (*f*) liberalization of trade and transferability of currencies; (*g*) tighter forms of European integration. Of these only the fourth and fifth, i. e., problems relating to US aid and raw materials, involve significant overlapping between NATO and OEEC. The first three fall clearly within NATO orbit. Liberalization of trade and transferability of currencies are the responsibility of OEEC. While OEEC has also been working on problems of tighter European integration—e. g., the Stikker, Pella, and Petsche plans—its activity thus far in this respect has not been promising. It has, moreover, been reduced to comparative insignificance by such developments as the Schuman Plan, and by the possible implications of the French proposal for European army.[4] To return to the two sectors of important overlapping between NATO and OEEC,—US aid and raw materials—a decision has already been reached to deal with one of these—raw materials—largely through new arrangements in Washington outside both NATO and OEEC.[5] This leaves problems relating to US aid in its different forms as the principal sector of overlapping and duplication between OEEC and NATO.

3. In light foregoing analysis, it appears that principal remaining functions OEEC are liberalization of trade and operation EPU. It could also be useful in connection administration US economic aid and supply and distribution of raw materials. As to raw materials, however, center will presumably be the new machinery in Washington. As to US aid, other means handling it could be found without too much difficulty. In short, while we appreciate considerations set forth paragraph 4 reftel, and fully agree they should be taken into account, we question the degree of importance which reftel seems to attach to them. We are also dubious whether signs of some demoralization in OEEC, referred to paragraph 3 reftel, warrant much concern. The fact is that OEEC is part of a world in flux, and its officials and secretariat must face that fact along with everybody else.

4. It is, of course, necessary bear in mind that present arrangements NATO are also in process of flux which has tended make some of

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[4] Statement by Premier René Pleven. See footnote 1, p. 403.

[5] For related documentation, see pp. 1–610.

them obsolete almost as soon as they were established. Within last few months, both NATO and OEEC have been by-passed on three or four important occasions: (*a*) the bilateral discussions in Washington with UK and with France partially settling MDAP aid[6]; (*b*) the conversations between the President and the Prime Minister on raw materials[7]; (*c*) the decision to set up a new combined raw materials board in Washington. These departures were not arbitrary. They reflected the pressure of facts and the changing shape of things. This sort of thing will continue. For example, eventual assignment operational responsibilities for military and end product assistance and economic assistance will largely determine precise scope responsibilities US deputy with respect economic and financial problems. Also, recent appointment Wilson[8] as Director Defense Mobilization may well have implications affecting nature and functions DPB.[9]

[Here follows Section 5, which stressed the need for the United States to remain ready to rethink and adjust to shifting needs and patterns in the administration of aid to Western Europe.]

6. With respect paragraph 9 reftel, I am skeptical concerning more formal US participation in OEEC. Apart from my doubts as to how far really important maintain OEEC as separate entity, I don't see what American purpose served by formal US participation. This suggestion pushed by OEEC as counter to argument certain British circles that Europeans can bargain more effectively with US in NATO than in OEEC because they are "partners" with US in NATO and "suppliants" in OEEC. This British argument related to their abstractions about "equitable distribution of burden". As indicated Repto 6482 and Repto 6047, sent London Repto 1040 and Repto 952,[10] I believe this bears little or no relation to political and economic facts, and will be dissipated by events.

7. As between London and Paris, inclined believe Paris more practical and sensible. In addition considerations set forth paragraph 6 reftel, there is fact that NATO located in London only in limited sense. Actual meetings of the various groups of ministers have been in various capitals, deputies moving with them. However, I have no strong views on this, and agree that either London or Paris feasible from US viewpoint.

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[6] For documentation on these meetings of mid-September, see pp. 1 ff. and pp. 1108 ff., respectively.

[7] For documentation on these discussions, December 4–8, see pp. 1698 ff.

[8] Charles E. Wilson.

[9] For documentation on plans in late 1950 to transfer the functions and responsibilities of the Military Production and Supply Board to the newly-formed Defense Production Board (DPB), see pp. 1 ff.

[10] Neither printed.

8. To sum up, I recommend: (*a*) settlement US organization and procedures for foreign aid along lines Repto 6836 (today repeated London as Repto 1126)[11]; (*b*) location NATO and OEEC in same city; (*c*) as a minimum, *de facto* consolidation NATO/OEEC on practical working basis at points of overlapping and duplications; (*d*) serious consideration more far-reaching adjustment, including possibly substantial absorption one into the other (with certain functions perhaps transferred to third organizations) or absorption both into new or modified organization; (*e*) continuous review of organizational arrangements and procedures in Europe to keep them in tune with changing shape of things and job to be done.

9. Will seek early opportunity to discuss with Spofford.

Sent Washington Repto 6905; repeated London Repto 1127 eyes only Spofford and Batt.[12] Sent Washington eyes only Foster, Bissell, and Wood, pass Department eyes only Perkins; pass White House eyes only Harriman.

KATZ

[11] Not printed.

[12] William L. Batt, Sr., Chief, ECA Mission in the United Kingdom and U.S. member on the newly-organized North Atlantic Defense Production Board.

840.00R/12–2150 : Telegram

The Administrator of the Economic Cooperation Administration (Foster) to the United States Special Representative in Europe (Katz), at Paris

CONFIDENTIAL WASHINGTON, December 21, 1950—8 p. m.

Torep 10677. For Katz. OEEC policy group leaving Washington today after final roundup of meeting yesterday.[1] Following is summary of main items discussed and US opinions expressed:

1. The main question which has been under discussion is possible relationship between OEEC and proposed new global raw materials board. (This whole question was thrown into further confusion by news from Brussels that NAT Council had referred question to NAT Deputies.)[2] Main point OEEC representatives have made repeatedly is that decisions on raw materials in global organization should some-

[1] The OEEC mission, which included the Secretary General and the Chairman of the Executive Committee, Marjolin and Hall-Patch respectively, arrived in Washington on December 9 for ten days of informal conversations centering primarily on the short supply of strategic raw materials caused by the Korean crisis.

[2] See the discussion of this subject under Item V, Other Business, in the minutes of the December 19 meeting of the North Atlantic Treaty Council with the Defense Ministers, p. 595.

how take into account discussions and agreements on general economic policies which will take place among members of North Atlantic community. Believe we have established clearly in minds of OEEC reps that:

a) No one contemplates that global raw materials organization will concern itself with general economic problems.

b) In practice, countries which feel that their problems not adequately taken into account in commodity discussions should have recourse to an effective North Atlantic economic organization. This implies solution to problem of establishing and staffing an effective economic organization for North Atlantic group, and thus a solution to whole NATO–OEEC problem.

2. We told OEEC reps that US Government was urgently attempting to work out proposed solution to OEEC–NATO problem, and hoped other governments were doing the same. We described our thinking in terms of need for consolidation, in practice, of OEEC–NATO economic work, so that same group of national delegations and international secretariat will be able work on economic problems connection with North Atlantic treaty responsibilities of 12 nations, and work as wider group, including non-NATO members of OEEC, on other matters. We did not lay on table at this stage suggestion for the two organizations in the same city, pending adoption firm US position this regard.

3. We emphasized, as we have throughout visit, importance of OEEC getting on with tasks which obviously need to be done, and which do not raise difficult problems of relationship between OEEC and new raw materials board or between OEEC and NATO. For example:

a) There is general agreement that "regional" commodities (e. g., European coal and coke) should be primary concern of a regional economic organization, not of a global body.[3] OEEC should assume that one immediate task is of organization of most effective use of European raw material and fuel resources.

b) OEEC can assist in allocation of materials primarily controlled by US and Canada, by pulling together requirements, making recommendations on equitable division of supplies among countries, and try to make sure conservation measures are taken by each country.

c) Next few months will presumably see direct controls coming back into European picture. OEEC should try to work out standards for reimposition direct controls, and guard against tendency use raw material shortages as excuse for general reimposition protectionist QR's.

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[3] For documentation on U.S. policy on stockpiling for long-term needs, see vol. I, pp. 126 ff.

d) OEEC should take on task of organizing flow of parallel information on scarce raw materials, since that is going to be necessary anyway.

In addition to above points relating to raw materials, OEEC reps believed and we emphatically agreed that OEEC should undertake a fundamental review of whole field of harmonization of national financial monetary policies, and effect of new situation on trade liberalization program. Seems clear that need for renewed fight against inflation and growing raw material shortages present organization with fundamentally different set of circumstances. This type of review is not being done anywhere else and is not likely to be, so there is no danger duplication in this field. Result of this review should be action recommendations. (In all discussion of OEEC Third Report, we have emphasized initiation of action flowing from work on report as being much more important than the final report.)

4. OEEC reps had raised question whether US will be prepared participate fully in work of OEEC. We emphasized US will participate very fully, and that it was now settled US policy to approach multilaterally the big problems involving sharing of resources, i. e., that we wanted to see international control in a number of raw materials, and that we wished multilateral recommendations to be basis for US decisions about aid. We made clear, of course, that US participation in OEEC could never be fully symmetrical with relationship of other members (for example, US would not be a "member" of EPU in any meaningful sense). OEEC reps have emphasized throughout visit importance of US participation and the exercise of US leadership from within Atlantic community, not only on matters that can best be handled on Atlantic community basis, but as framework within which further steps toward integration can be taken by groups of countries, for example on the continent.

5. Marjolin asked whether we believed under present circumstances, he should follow Council decision to consult consuming and producing countries, with a view to calling of commodity conferences. We said we doubted advisability such consultation in view of important events that had intervened since Council decision, but suggested he consult Stikker, who we understood was a key participant in discussions on raw materials question in Brussels.

6. Marjolin asked whether we had any objection to circulation of memorandum of questions which OEEC gave us some days ago. It was agreed that with a covering note trying to make clear present status of global raw materials proposal, there was no objection to such circulation. OEEC memo forwarded to you by air mail.

7. Hall-Patch suggested that NATO–OEEC relationship might be clarified if OEEC Council were to ask Stikker, since he has foot in both camps, to consult with anybody he thought useful and come

back to both organizations with concrete proposal for solution problem. We said this sounded offhand like good idea, and secured confirmation that this step would not interfere with OEEC getting on types of immediate jobs outlined para 3. Ed Martin made personal suggestion NATO Council Deputies might simultaneously designate Spofford as Chairman, NATO Deputies, to work with Stikker on the matter. Would appreciate your views.[4]

8. Malagodi and Prack[5] re-emphasized importance making clear in any announcement re raw materials board that smaller countries will be protected and will have some appeal court, if they don't feel their interests adequately taken into account.

9. Hall-Patch said whole group was struck with difference between sense of urgency in Washington and in Europe, and probability that there would be discrepancy also in administrative machinery to deal with upcoming problems. He thought one way of increasing European sense of urgency would be to have a meeting of OEEC Council soon in Washington. We reacted unfavorably.

10. In general, the visit was useful in conveying to OEEC reps a sense of urgency, a sense of enormous difficulties ahead, and a sense of great willingness in US to dedicate itself to whole hearted effort to meet new situation with which free world is faced. Wood participated in most meetings policy group, including final meeting summarized this cable.

London pass Spofford for info. Sent Paris Torep 10677 rptd info London Ecato 1588.

FOSTER

[4] In telegram Repto 6995, December 22, not printed, Katz suggested that any talks between U.S. representatives and Stikker await development of a definite U.S. position (840.00R/12–2250).

[5] Giovanni Malagodi of Italy, Chairman of the OEEC Manpower Committee, and Herbert Prack of Austria, vice chairman of the OEEC Council.

EFFORTS BY THE UNITED STATES TO ASSURE THE SUCCESSFUL NEGOTIATION OF THE SCHUMAN PLAN FOR A EUROPEAN COAL AND STEEL COMMUNITY

396.1 LO/5–950 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NIACT PARIS, May 9, 1950—1 p. m.

2187. Eyes only from the Secretary for the Under Secretary.[1] No distribution. From conversation since my arrival,[2] I believe it possible

[1] James E. Webb.

[2] Secretary of State Acheson arrived in Paris on May 8 en route to the Foreign Ministers meetings and NATO meetings in London. For documentation on these meetings, see pp. 828 ff.

that tomorrow, or soon afterward, French Government may propose important approaches toward Germany in economic field. Our information is limited. We have not been consulted or involved in the proposals, if made, in any way. In fact the matter may be in embryonic stage in French minds. As of tonight, it is in secret stage, and you must so regard this message, prior to Cabinet consideration and it may not materialize at all.[3]

This wire is to alert you for these reasons: the proposal, if made, may have very considerable possibilities. It may be very controversial. At this stage the United States would express great interest that judgment. I would not bother President until the news breaks or we advise you that it will. Then President should be warned to await further information before comment.

Executive Branch should be advised to withhold comment. Chairmen of Foreign Committees should be similarly advised.

ACHESON

[3] Later the same day, Acheson informed Webb in telegram Actel 1, 4 p. m., not printed, that he had just learned that the French Cabinet had approved the proposal that morning and that Robert Schuman, French Minister of Foreign Affairs, was planning to make an announcement during the afternoon. Acheson suggested that Webb follow the course outlined in his telegram 2187 as soon as possible (396.1 LO/5–950).

740.00/5–950 : Telegram

The Chargé in France (Bonbright) to the Acting Secretary of State

PRIORITY PARIS, May 9, 1950.

2198. Following is text in translation of French Government statement being issued by Schuman this afternoon 6 p. m., Paris time.[1]

"The peace of the world can only be preserved if creative efforts are made which are commensurate, in their scope, with the dangers which threaten peace.

The contribution which an organized and active Europe can make to civilization is indispensable for the maintenance of peaceful relations. France, by championing during more than 20 years the idea of a United Europe, has always regarded it as an essential objective to serve the purposes of peace. Because Europe was not united, we have had war.

A United Europe will not be achieved all at once, nor in a single framework: It will be formed by concrete measures which first of all create a solidarity in fact. The uniting of the European nations requires that the age-old opposition between France and Germany be culminated: The action to be taken must first of all concern France and Germany.

[1] *Le Monde*, May 11, 1950.

To that end, the French Government proposes that immediate action be concentrated on one limited, but decisive point:

The French Government proposes that the entire French-German production of coal and steel be placed under a joint high authority, within an organization open to the participation of other European nations.

The pooling of coal and steel production will immediately assure the establishment of common bases for economic development, which is the first state for a European federation, and will change the destiny of these regions which have long been devoted to the production of arms to which they themselves were the first to fall constantly victim.

The community of production which will in this manner be created will clearly show that any war between France and Germany becomes not only unthinkable, but in actual fact impossible. The establishment of this powerful production unit, open to all countries that wish to participate in it, will give a real foundation to their economic development, by furnishing on equal terms to all countries thus united the fundamental elements of industrial production.

This production will be offered to the entire world, without distinction or exclusion, as a contribution to the raising of living standards and to the progress of world peace. Europe, with its resources thus increased, will be able to pursue one of its essential tasks: The development of the African continent.

This will quickly and easily bring about the fusion of interests which is indispensable to the establishment of an economic community and introduce a leaven of broader and deeper community of interest between countries which have long been divided by bloody conflicts.

By pooling basic production and by creating a new high authority whose decisions will be binding on France, Germany and the other countries who may subsequently join, this proposal will create the first concrete foundation for a European federation which is so indispensable for the preservation of peace.

In order to pursue the objectives so defined, the French Government is prepared to initiate negotiations on the following bases:

The functions entrusted to the joint high authority will be, as quickly as possible: to modernize production and improve its quality; to supply coal and steel on equal terms to the French and German markets as well as to those of the member countries; to develop joint exports to other countries; to improve and equalize conditions of life and work in these industries. In order to reach these objectives in the light of the disparate conditions of production prevailing in the member countries, certain transitional measures must be taken involving the application of a production and investment plan, the institution of a mechanism for equalizing prices, and the creation of a reconversion fund to facilitate the rationalization of production. The flow of coal and steel between member countries will be immediately exempted from all customs duties and may not be subject to freight differentials. In this way, conditions will be progressively created which will automatically insure the most effective rationalization of production on the basis of the highest level of productivity.

Unlike an international cartel whose purpose is to divide up and exploit national markets through restrictive practices, and the maintenance of high profits, the projected organization will insure the fusion of markets and the expansion of production.

The principles and the essential undertakings defined above will be the subject of a treaty between the states to be submitted to Parliaments for ratification. The negotiations required to work out the details of implementation will be conducted with the assistance of jointly designated arbiter. The latter's duty will be to see that the agreements conform with the principles and, in the event of final disagreement, to determine the solution to be adopted. The joint high authority charged with the operation of the entire system will be composed of independent personalities chosen on a basis of equality by the governments; a president will be chosen by the governments by common agreement; his decisions will be enforceable in France, Germany and the other member countries. Appropriate measures will assure the necessary channels of appeal against the decisions of the high authority. A representative of the UN near the authority will be charged with making a public report to UN twice a year on the functioning of the new organization, particularly with respect to protecting its peaceful aims.

The setting up of the high authority in no way prejudges the question of ownership of the enterprises. In the exercise of its mission, the joint high authority will take into account the powers conferred on the international Ruhr authority and the obligations of every kind imposed on Germany as long as they are [in] existence."

Sent Department 2198, repeated London 621 for the USDel, Frankfort 316.

BONBRIGHT

396.1 LO/5–1050 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NIACT LONDON, May 10, 1950—11 a. m.

Secto 211. For President and Webb from Acheson. French proposal for closer association of French and German coal and steel industries has created deep impression and wide speculation. Important that all should realize that this was put forward entirely on French initiative and that Schuman did no more than to mention it quite casually and in such general terms prior to the announcement that I was unable by his reference to gauge the full significance of the proposal. McCloy [1] who has close relations with Monnet [2] was invited to talk with Monnet in greater detail about the proposal which he did on the night before the announcement and his talks with Monnet

[1] John J. McCloy, U.S. High Commissioner for Germany.
[2] Jean Monnet, Commissioner General for the French Modernization Plan.

prompted my warning cable to you.[3] It is evident that Monnet has been the mainspring of this proposal but he has acted in close cooperation with Schuman, Pleven and Meyer.[4] Monnet most anxious that this proposal be accepted as a significant far-reaching effort not only toward Franco-German understanding but European federation and not viewed as an expedient or trick by which France could gain any particular advantage on the continent. French Government also at pains to emphasize that this does not take on the aspects of a grand cartel. There is a real transfer of sovereignty involved, and full publicity of all operations of the high authority contemplated. Just how allocations and pricing are to be handled in such a way as to avoid the vices of monopoly control not clear but French emphasize that their intentions are honorable and these elements must depend on course of negotiations.

In commenting on proposal believe it is important that French be given credit for making a conscious and far reaching effort to advance Franco-German *rapprochement* and European integration generally. On the other hand, it is too early for us to give proposal our approval because of the possible cartel aspect and known previous French efforts to secure detailed control over investment policies and management of Ruhr coal and steel industry, and certainly until we know about the character and the details of the scheme. British reaction has not yet developed but believe it is apt to be somewhat cautious.

ACHESON

[3] Telegram 2187, May 9, p. 691.
[4] Possibly René Mayer, French Minister of Justice and former (1947–1948) Minister of Finance and Economic Affairs.

740.5/5–1050 : Telegram

The Acting Secretary of State to the Secretary of State, at London

SECRET WASHINGTON, May 10, 1950—4 p. m.

Tosec 157. Personal to the Secretary from Dulles.[1] I have just read the text of Schuman's statement regarding new political authority to unify and administer German-French coal and steel resources. While obviously many details lacking necessary for final judgment, it is my initial impression that the conception is brilliantly creative and could go far to solve the most dangerous problem of our time, namely the relationship of Germany's industrial power to France and the West. This proposal is along lines which Secretary Marshall and I thought

[1] John Foster Dulles, Consultant to the Secretary of State.

about in Moscow in 1947 but which we did not believe the French would ever accept. [Dulles.]

WEBB

396.1 LO/5–1150 : Telegram

The Acting Secretary of State to the Secretary of State, at London[1]

SECRET WASHINGTON, May 11, 1950—2 p. m.

Tosec 1701. Initial reaction Dept to Fr proposal re coal and steel industries is to welcome it as imaginative, useful and having considerable merit. Probable area of difficulty will be in working out proposal in such manner as to accomplish its politically and economically desirable objectives while minimizing econ dangers inherent in monopolistic enterprises. Dept agrees however that at this stage comment shld be complimentary of Fr initiative and leadership in making constructive proposal which has potentiality of being important contribution to Franco-Ger *rapprochement* and closer European assoc and can have major psychological appeal in West.

2. Other favorable features as seen at this stage include:

a. Wld give Fr greater sense of security by ensuring their intimate participation in management and development of Ger basic heavy industry, thus relieving a preoccupation which has been in forefront Fr mind since end war, *vide* importance attached Arts 18 and 19 Ruhr Agreement.[2]

b. Wld considerably diminish heat involved in controversy re Saar mines.

c. Since Auth wld have power to make decisions binding equally on Fr and Ger, arrangement wld be attractive to Ger as counterweight to Ruhr Agreement and security controls which operate against Ger alone. Agreement might also provide basis for obtaining Fr consent to reducing restrictions on steel industry in PLI Agreement[3] and to substantial revision or elimination of Ruhr Agreement.

d. Might provide framework within which Ger production cld contribute to NAT military production without raising difficulties that separate Ger activity wld entail.

e. Proposal for equalizing "conditions of life and work in these industries" would require at minimum closely parallel domestic political policies with possible result of spreading *rapprochement.*

f. If effective wld go further than anything hitherto contemplated in tying Ger economically to West.

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[1] Repeated to Paris, 2132, and Frankfort, 3300.

[2] The Agreement for the Internatoinal Authority for the Ruhr was completed on December 28, 1948, at the conclusion of the London Conference on the Ruhr, November–December 1948. The Agreement was formally signed by the United States, the United Kingdom, France, Belgium, the Netherlands, and Luxembourg on April 28, 1949. The text of the Agreement and documentation on its preparation are presented in *Foreign Relations*, 1948, vol. II, pp. 448 ff.

[3] See footnote 3, p. 172.

3. Major difficulties include:

a. Strong tendency which will develop to use mechanism to limit competition and protect marginal producers by usual cartel methods.
b. Domestic polit and security incentives of Fr wld tend to lead them to attempt to choke technological development and expansion in Ger.
c. Provision for appeals from decisions may give precedence to polit considerations in decisions over econ.

4. Dept in consultation with ECA, discussing aspects of proposal which are unclear and questions which shld be answered before econ or other analysis of proposal possible. Both agree however that initial reaction US Govt shld be favorable to far-reaching Fr effort to advance Franco-Ger *rapprochement* and Eur assoc generally while reserving judgment on econ aspects until we know more about character and details of scheme.

WEBB

396.1 LO/5–1250 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET PRIORITY LONDON, May 12, 1950—2–4 p. m.[1]

Secto 234. (Section one of three.) From Bruce[2] for Department, Treasury and ECA. Roundup in this and following two cables [*sections*] by Embassy Paris is for your background information on origin French proposals.

1. French merger proposal apparently drafted within last few weeks by Monnet group. Reliably reported that Monnet began series of personal and individual discussions with only limited number of French Ministers after Bidault[3] and Schuman had given project their blessing about two weeks ago. Schuman said to have enthusiastic immediate [reaction?] and no serious objections raised by other Ministers. Note that proposal is consistent with views expressed by Petsche[4] on basic features FINEBEL[5] approach. Very few French officials below ministerial level were consulted.

2. Cabinet reportedly gave final approval proposal Tuesday morning[6] after very short discussion. Schuman reported to have sent personal message with general outlines of proposal to Adenauer[7] over

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[1] The three sections of this telegram were sent separately during this time period.
[2] David K. E. Bruce, Ambassador to France, temporarily in London for the Foreign Ministers Meeting.
[3] Georges Bidault, French Prime Minister.
[4] Maurice Petsche, French Minister of Finance and Economic Affairs.
[5] A hypothetical combination of France, Italy, and the Benelux countries in a regional economic union.
[6] May 9.
[7] Konrad Adenauer, Chancellor, Federal Republic of Germany.

week-end and Adenauer wished to announce his support immediately. Actually did so in embarrassingly short time after Schuman's announcement. We have no comment from French on why British were not informed.

3. Monnet received congratulations on exceptional speed and secrecy with which French Cabinet had acted on proposal. Secrecy with which Schuman and Bidault handled question justified on ground that this only way in which action could have been taken without interminable delay. Active work began by French after Adenauer proposal and after British "bridge" proposal [8] in reply to EPU in effect told French and Europe to go their own way.

4. When asked to comment on emphasis given in French statement on production for peaceful means and to reports by representative of UN on peaceful aims, senior officer of Monnet group referred to Schuman's remarks on bold and constructive initiative for peace and stressed need to change pessimistic approach on "cold war". See immediately following cable [*section*]. Purpose was a new perspective to get above present quarrels and divisions within Europe. When pressed how proposal was related to additional defense effort, source replied that, if additional armaments were required from French, they would have to be carried. In this event the proposal would facilitate production armaments on most efficient basis in a common effort. When asked if this meant French attitude on rearmament of Germany had changed, informant gave his personal view that proposal was designed to eliminate French fear of German aggression; this done no basis for French opposition to German rearmament would remain. This is one way in which proposal changes all aspects of present problems.

5. Monnet group well aware that pooling coal and steel industries on basis of equality will lead to real economic integration. Proposed merger called a "threshold", saying that this limited step could be taken now. Its impact would force further steps for integration rapidly, particularly reduction trade restrictions and "harmonization" of internal policies. However, it was stated that subsequent measures and developments have not been thought through. French envisage transition period during which adjustments will be made to place industries on same basis. Wage costs, social charges and tax burden to be equalized. Price equalization funds would be necessary. Relative contributions of French and Germans not clear. (In subsequent conversation, Minister Finance officials said proposal would have implications for EPU but were not prepared to discuss question pending return of Petsche.)

6. Both Monnet and later Ministry Finance officials acknowledged that after establishment of equal competitive conditions, Lorraine heavy steel industry would tend to become preponderant but pointed out that this does not mean that German steel industry could not expand on economic grounds. Hirsch [9] said that on other side perhaps as much as 20 percent of French coal capacity would have to be cut

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[8] For documentation on the European Payments Union, see pp. 611 ff.

[9] Etienne Hirsch, Deputy Commissioner General for the French Modernization Plan.

back. French wish to soft-pedal inevitable shifts in resources and labor even though provisions to facilitate reconversions are envisaged. Anxious idea not become lost in myriad of problems to be worked out.

7. French stress that proposal open to all countries. Say coal and steel prices for export would be same as prices within participating group. Also comment on contribution of proposal in eliminating real reasons for restrictions on trade and in establishing conditions of competition.

8. Steel industry not consulted. See Embassy press reviews for recriminations from steel industry. Monnet group would not guess as to how serious opposition would be from steel groups. At moment industry is making usual claims of inability to face modern German steel plants and creating smokescreen with slogans of bureaucracy and dirigisme; also following Communist line claim proposal forced by US in return for Indo-China aid. Hope has been expressed that industry opposition was based primarily on irritation because French Government took initiative without consulting them. See separate cable [10] for Monnet memo on difference between merger proposal and cartel. (Monnet is leading advocate real anti-cartel legislation and policy of expansion in production.)

9. After has been ratified by Parliaments, no appeal is possible on decisions of arbiter in working out implementing convention. This approach designed to cut through nearly insurmountable obstacles to agreement on specific details.

(Section two of three.) During conversation reported section one this message, Monnet group referred to memorandum dated May 3 which was basic paper used in French Cabinet discussions of proposal.

Main points of document from notes are as follows:

1. France and western countries have reached impasse. Economic improvement of France and creation of Europe is being thwarted by fear and uncertainty. Every government effort is beginning to be evaluated in terms of contribution to "cold war". "Cold war" dominates thinking of responsible officials. Attitude tending to be negative obstructions [*obstructs?*] other constructive ventures. Pessimism generated is passed on to public and with this frame of mind prevailing, sudden "shock" would lead inevitably to war. In fact we are at war now.

2. Hopes of western peoples for peace must be made real again. An entirely new approach is needed—a limited, simple, practicable, immediate, dramatic approach, yet an approach fundamental enough to change entirely aspects of problems now before us; a first move, which will set in motion developments which will completely change course of events.

3. Situation in Germany is cancer obstructing peace. German political and economic situation must be changed and spirit of German people renewed. Unification of Germany is impossible to consider now because of differences between United States and Soviets. Complete integration of Germany into Western Europe has run into following

[10] Section 3 of this telegram.

difficulties: (*a*) West Germany cannot help but think always of eastern Germany, and western countries think of Germany as eventually unified. (*b*) Question of armament of Germany. (*c*) Varied political and economic relationships with different western countries. Americans insist on integration of Germany in Europe for following reasons: (*a*) Real beginning must be made in creation of Europe even though next steps not clear. (*b*) Americans have misgivings and doubts about capacity of France to lead in western Europe.

4. Continuing economic and political improvement of France is at stake. French steel industry cannot compete with German steel industry—coal price, etc. Limitation on steel production is not answer. Germans to seek capacity increase to 14 million tons. French will resist but after American insistence France will have to yield. This will lead to following train of events: dumping by Germany, protection of French industry, trade liberation irrevocably reversed, pre-war cartels, economic orientation of Germany to the east leading to political commitments with east, and France will resume Malthusian policy of high protection and limited production.

5. United States would welcome a French proposal which opens road to real solution: a solution which will contribute to cure of divisions and uncertainties in Europe—a solution which will eliminate fear of German domination—a solution which will help produce attitude of expansion by European industry, expansion based on competition but without domination.

6. Basis for solution is for coal and steel industries of France and other countries to have same point of departure as German industry. Possibilities of German industrial domination and dumping and cartels are thus to be eliminated.

7. Method of solution is creation of new international authority through exercise of national sovereignty. Present methods have led to impasse. OEEC, Brussels Pact, Council of Europe, lack concrete results. Change is needed. United Kingdom will not change anything if it affects arrangements with British Commonwealth. In any case British are waiting for Americans before going farther with Europe. New step depends on France. Only France can speak and act. European and American peoples want to hear their officials speak in terms of Europe working constructively for peace and of eliminating age-old feuds.

8. France must act in own interests. Since war France has made great strides in modernization, reconstruction, and recreating living standards and spirit of French people. For time France forgot fear of German aggression and competition. Now suddenly Germany is once again before France and once again France may adopt a Malthusian approach in economic and political policies. This cannot be permitted to happen. New approach based on constant progress in improvement of social and material conditions is only solution. *End summary.*

(Section three of three.) Following is translation of memorandum prepared by Monnet group defending proposed merger plan against accusation that it will create cartel.

"In all of its characteristics, projected organization runs counter to cartel:

1. In its objective. Objective of cartel is maintenance of high and stable profits and conservation of acquired positions. Hence price fixing, which permits marginal enterprises to maintain themselves and better situated enterprises to obtain differential profit. Objective of proposed organization is increase of production and of productivity by improvement of methods, broadening of markets and rationalization of production.

2. In its mode of operation. Cartel is essentially founded on agreements of which public knows nothing, and which serve interests of industry to detriment of common interest. Projected organization will be placed under scrutiny of public opinion, the United Nations will report on its activity, and it will appear directly responsible with respect to countries which it concerns.

3. In its means of action. Means of action of a cartel are essentially fixing of prices and production quotas and division of markets, i.e., permanent elimination of competition for benefit of an exploitation of markets by industry. Projected organization will use mechanisms of repartition and price equalization only as transitional measures designed to produce without shock necessary adjustment to a situation in which activity will divide itself rationally under most economic conditions.

4. In its management. Cartel is run by delegates of industry charged with serving interests of their principals. Projected organization will be confided to independent personalities who will possess, besides technical capacity, a concern for general interest which their position of public responsibility will keep them from forgetting.

5. In its scope. A cartel has a purely private, purely industrial and purely employer character. It is interested in only one industry and its profits. Projected organization will be responsible for two industries chosen on account of their fundamental importance to economy as a whole and even to political relations between countries which it brings together. It will also be responsible for raising standard of living of workers employed by these industries. Important parts of its mission will therefore be less to regulate status of these two industries themselves than to develop on basis of these industries methods and conditions necessary to elevation of standard of living of the workers as a whole and to an expansion of economies concerned. On account of this last feature, projected organization will acquire an authority which will impose itself even on governments. This is its political significance. In economic terms as opposed to a cartel, it will tend to produce same effect which would result from perfect competition but in doing so to pass through necessary steps without which establishment of this competition would run up against insurmountable resistance."

Sent Department Secto 234, pouched Paris. [Bruce.]

ACHESON

850.33/5–2050 : Telegram

The United States Special Representative in Europe (Harriman) to the Secretary of State

CONFIDENTIAL PARIS, May 20, 1950—6 p. m.

Repto 2743. Re: Torep 4049.[1]

1. This cable represents joint preliminary views OSR and ECA Mission France re French steel-coal proposal, in light discussion with Monnet and London and his assistant Hirsch here. Bruce concurs.

2. Believe proposal may well prove most important step towards economic progress and peace of Europe since original Marshall speech on ERP. It is first indication of bold, imaginative, concrete initiative on part of European country in attacking two basic problems: (*a*) Integration of European economy and (*b*) Conclusive alignment of Germany on side of West with minimum political and military complications.

3. Important to note that French do not regard this as just an idea thrown out for discussion but an invitation to begin negotiations soonest on bases as specified in Govt's statement, including access on equal terms to French and German markets, equalizing conditions of life and work, immediate elimination of tariffs, and objectives of production at highest level of productivity. French do not contemplate entering into negotiations with Germany or other country which does not accept bases of negotiation as stated. They regard these bases as essence of plan, and if they should modify them they would be in position of repudiating their own proposal.

4. Believe successful implementation depends on maintenance initial momentum which has been gained by effective timing and dramatic announcement. See Embtel 2302 May 15. President's public endorsement should be helpful in this connection.

5. Re your paragraph 2. Believe proposal consistent ECA objectives trade liberalization; EPU and concept of ultimate single competitive market. Believe that as practical matter it will constitute important step towards same objectives. Note that it contemplates immediate elimination of tariffs among participants. Recognize that publicity may temporarily distract public and political attention from previous OEEC–ECA program, but believe net effect this dramatic elimination trade barriers in two industries will be encouragement and

[1] In telegram 4049 to Paris, May 13, not printed, Webb summarized for Milton Katz, Acting U.S. Special Representative in Europe (ECA), the Department of State's reaction to the Schuman proposal (ECA Telegram Files, FRC Acc. No. 53 A 298, Paris Torep).

added impetus to general attack on same. In this connection important to note that proposal involves not only elimination trade barriers but relinquishment of sovereignty over important segment economic affairs in favor international organ. To regard proposal only as means of cushioning shocks and hastening readjustments required by trade liberalization, as suggested your paragraph 4, would in our opinion seriously under-estimate its significance, prejudice its success and lose advantages mentioned paragraph 2 above.

6. Cartel angle will need careful watching, but if proposal does not go thru there will probably be far greater danger of serious cartel abuses in this field. Following factors suggest cartel abuses can be avoided under French proposal:

(*a*) Proposal expressly calls for highest level productivity.
(*b*) Monnet says this means elimination of less effective producers, including closing substantial number French coal mines and that this was specifically called to attention of Cabinet when it approved proposal.
(*c*) French industry fearful that proposal will break up existing cartels.
(*d*) Protection of marginal producers would be recognized only as transitional device. Believe unrealistic expect free competition without some transitional period.
(*e*) Hirsch stresses intention to export to outside countries at competitive prices and that this will create pressure to keep domestic prices at least as low as world prices.

7. See Monnet group memo on cartel aspects of which text given part three Secto 234 from London from Bruce May 12.

8. Creation single market in coal and steel may in and of itself carry consequences in these and other industries that cannot now be foreseen. Our attempt analyze implications should not be allowed interfere with the release of an impetus the results of which, altho in part unpredictable, will in general operate in favor our objectives. It is in this context that we intend explore further with French Govt various problems raised by proposal and practical difficulties that will have to be overcome in putting it into effect. These include (*a*) relation between price for sales within member countries' exports to others (*b*) extent if any to which authority would allocate sales or markets after transition period (*c*) extent of and criteria for fixing maximum or minimum prices (*d*) policy re new enterprises and new investments (e) grounds of and procedures for handling appeals from authority.

9. Proposal calls for development indistinct stages: (*a*) negotiation and ratification of treaty with Germany, including necessary HICOM approval (*b*) further negotiation of details under supervision of arbiter designated pursuant to treaty with power to resolve

deadlocks (*c*) similar negotiations with other countries, which may overlap those with Germany.

10. As regards stage (*a*) in paragraph 9 above, our first decision must be on position in HICOM re commencement of negotiations. Believe this should be unqualifiedly in affirmative. Also hope any influence US may wish to exert over course of negotiations be directed towards attainment of broad political objectives and not detailed intervention. Otherwise, delays, especially resulting from possible exercise similar efforts for different purposes on part of British, may be fatal.

11. Whatever reservations US may have re ultimate operation of scheme should if at all possible be deferred until text of treaty available, and participants approaching second stage—that of working out operating details.

12. Plan to work out joint Embassy, OSR and Mission procedure for keeping in touch with developments here. Likewise understand McCloy contemplates appointment special assistant in ECA Mission to Ger to follow developments there. Understand his role would be keep informed and offer such informal advice as may seem appropriate but not participate in or act as official observer at negotiations since to do so would invite British participation that might be obstructive.

13. In conclusion, wish emphasize overriding importance that this opportunity be not lost and that US throw full weight its support for prompt initiation and consummation of negotiations with Germany and any other countries France may invite. Suggest diplomatic and ECA Missions be circularized to this effect.

Sent Dept Repto 2743, rptd info Frankfurt Repto 310, London Repto 395.

HARRIMAN

850.33/5–2350 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, May 23, 1950—5 p. m.

2446. Believe it is most important that during period of detailed development Franco-German coal and steel integration proposal US attitude be clearly defined and adhered to by all US representatives abroad who may however indirectly be involved in this matter. Only in this way could possible complications arising from conflicting viewpoints which might weaken our influence or involve US prematurely in undesirable commitments be avoided.

If the Department is contemplating any such general instructions, I believe that following considerations are pertinent:

1. The US should continue to manifest its support of the French initiative and the general idea without direct involvement in this preliminary stage which would limit in any sense our freedom of final judgment in regard to any plan which may emerge in whole or in detail.

2. The US Government therefore should have no official association or even observers with the working committees engaged in the elaboration of this plan at this stage. The full knowledge of such negotiations can be obtained by US without this type representation and in fact we believe that the French will be anxious to keep us currently informed.

Should we participate in preliminary negotiations we will almost certainly explicitly or implicitly have our point of view distorted for bargaining purposes between the parties. In French domestic political circles our advice will be misinterpreted and we will be accused of intervention and domination by elements in France hostile to the plan and conversely of having given approval to this or that aspect thereof by elements favorable to it. Even appearance of American direction will jeopardize acceptance of proposal in France.

We strongly believe that in this matter it is up to the European officials directly concerned to do the preliminary drafting without seeking at every step to obtain indication of US attitude on every point. In addition to making it clear that the initiative and responsibility for developing a concrete plan rests with the Europeans, such an attitude on our part would leave our Government free to make unrestricted final judgment.

Harriman has read this message and concurs.

Sent Department 2446, repeated info London 688, Frankfort 349.

BRUCE

850.33/5–2350 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

CONFIDENTIAL BONN, May 23, 1950—9 p. m.

268. AGSec from Slater.[1] Reference Deptel 3619,[2] repeated London 2460; Paris 2330 and Bonn 262, Frankfort 290, Paris 80, London 88, Berlin 115, this date. Following is summary report of special HICOM

[1] Joseph E. Slater, U.S. Secretary on the Allied (HICOG) General Secretariat, Frankfort on the Main.

[2] May 22, not printed. This telegram requested detailed information on Schuman Plan talks scheduled in Bonn-Petersberg the following day. (850.33/5–2250)

Council meeting held with Monnet on Schuman plan on 23 May 1950 at Bonn-Petersberg, with McCloy (US) chairman, Berard [3] (France) acting for Poncet,[4] and MacReady [5] (UK) acting for Robertson:[6]

1. At opening of meeting in welcome to Monnet I referred to wide public interest aroused by Schuman proposal and indicated HICOM anxious to do everything to aid in achieving significant results on basis these proposals.

2. Monnet's statement to Council which was made in frank manner and with considerable evidence of feeling for importance this new step had three parts: first, background and motivation of Schuman proposal; second, steps for bringing proposal into effect; third, transitional measures acceptance and implementation of which by participating nations would be essential to establishment of European coal, iron and steel authority.

3. With regard to first, Monnet said French Government had been preoccupied with fact that up to present European cooperation had been confined to activities of consultative bodies with no real concrete common action resulting, a fact which would lead to grave disappointment to European public opinion. Further he felt US public opinion did not understand that while European nations exhibited good intentions, no real action resulted. Creation of over-all political federation for Europe he felt was impractical and indeed undesirable since individual differences of nations rendered full surrender of sovereignty impossible and sacrifice strength resulting from present diversity. However, authority could be created that would command respect if it were confined to particular field in which need to pursue common purpose and common good was apparent. Schuman's proposal was put forward as concrete step toward creation of such an international community of interest in field of coal, iron and steel industries. He emphasized importance to Franco-German relations of achieving this sense of common good. Coal and steel industries had been chosen for this step because of association in public mind of France and other European countries of Ruhr industries with war potential. So far as sense of security in France and rest of Europe was concerned French Government had felt that these industries should be subject of common European authority.

4. In second part of remarks Monnet sketched procedure leading to constitution of European coal, iron and steel authority as follows: representatives of sovereign governments, acting under instructions of

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[3] Armand Bérard, French Deputy High Commissioner for Germany.
[4] André François-Poncet, French High Commissioner for Germany.
[5] Lt. Gen. Sir Gordon Nevil Macready, U.K. Economic Adviser to the British High Commissioner for Germany.
[6] Gen. Sir Brian Hubert Robertson, British High Commissioner for Germany.

those governments, would sit down together to discuss Schuman proposals and to draft treaty to serve as charter of proposed authority. On completion of negotiations this treaty would be submitted to parliaments of participating countries for ratification. Monnet emphasized repeatedly that these negotiations should not become involved in technical problems of integrating these industries but should aim at creation of general framework within which, after creation of authority, technicians and experts could work out technical problems. He further pointed out that authority when established would be a trustee of participating governments acting with specific mandate from and under specific direction of governments. If recognized need for device to ensure authority did not overstep bounds laid down in treaty and, in passing, mentioned possibility of appeal by member government to an international tribunal of type of Hague Tribunal. He said enforcement of authority's decisions would necessarily be in hands of participating sovereign governments, but with development of sense of common good he envisaged no great difficulty on this score. He concluded second part by re-emphasizing Schuman statement at London that setting up of high authority would in no way pre-judge question of ownership of enterprises involved and that in exercise of function joint high authority would take into account IAR powers and other obligations imposed on Germany so long as they exist.

5. In third part of statement Monnet recapitulated functions of high authority as being to modernize production and improve quality of product, to supply coal and steel on equal terms to French and German markets as well as those of other member countries, to develop joint exports, and to improve and equalize condition of life and work in the industries concerned. He explained that improvement of production would imply disappearance of uneconomical producer, and aim opposite to that of cartels which protected uneconomical producer. He also emphasized that equalization of conditions of life and work in various national industries meant in mind of French Government raising of standards and not leveling.

6. In view of different conditions of production prevailing in member countries, achievement of these economic objectives by authority depended upon member governments' unqualified acceptance and implementation of following transitional measures:

(*a*) Application of production and investment plan;
(*b*) Institution of mechanism for equalizing prices;
(*c*) To [*The?*] creation of reconversion fund to facilitate rationalization of production;
(*d*) Immediate removal of customs duties and [garble] from trade in coal and steel between participating countries. He explained purpose of reconversion fund as being to aid producers unable economically

to meet new conditions to trade either to modernize their plants or reconvert to other purposes, and stressed it was not a "compensation" fund.

7. On conclusion Monnet's statement MacReady raised question whether in view of fact West German coal and steel industry was still under HICOM control, HICOM observer should not be present at any negotiations on Schuman proposal participated in by Federal Republic. Both Monnet and Berard stated that since HICOM would have opportunity to approve treaty ultimately negotiated and since French Government representatives could keep HICOM adequately informed of developments, it was unwise to create impression of any pressure on Federal Republic in negotiations by appointment of HICOM observer. I supported this argument pointing out significance of occasion justified extraordinary methods. It was finally agreed not to have HICOM observer.

8. I referred to Adenauer's rumored intention to appoint industrialist as Federal Republic negotiator and asked Monnet's view this point. He said he felt that industrialists must not be involved in these negotiations and indicated preference for representatives of disinterested and non-partisan character. Council requested Monnet to emphasize this point to Chancellor at afternoon meeting this date.

9. MacReady raised certain other difficulties: He asked whether raising of standard of living of workers in coal, iron and steel industries would not tend to have repercussions in other sections of working population; whether a European coal, iron and steel authority would not constitute tariff block to countries outside it; whether if scheme were put into effect governments in free enterprise economies would not have to take powers over industry in order to ensure attainment of objective of international authority. Monnet while admitting force of these observations felt that they were points upon which study and discussion would produce solutions.

10. At meeting's conclusion it was agreed Monnet should see Chancellor and invite Federal Republic participation in negotiations; that Chancellor should then ask HICOM agreement to participate with understanding that favorable reply would be given to request; and finally that, upon completion of negotiations, treaty would be submitted to HICOM for approval.

11. In private discussion with Monnet prior to meeting I obtained impression that though Monnet has not yet advanced very far in his thinking on implementation of plan and realizes that some technical points of difficulty will be fundamental, he is seeking to avoid delay in furthering the main design through preoccupation with what he

terms technical details. I am to see Monnet 24 May after his meeting with Chancellor.[7]

Sent Department 268, repeated info Berlin 117, Paris 83, Frankfort 297, London 91. Pouched *Land* Commissioners Bavaria, Bremen, Wuerttemberg Baden, Hesse. [Slater.]

McCloy

[7] In telegram 271 from Bonn, May 24, not printed, McCloy informed the Department that according to the French Liaison Office, Adenauer and Monnet had reached full agreement on Schuman Plan negotiations. Negotiations were scheduled to begin in Paris within a week or 10 days to reach an overall political agreement establishing and defining powers of the proposed international authority. Schuman planned to head the French Delegation with Monnet as deputy. After the political agreement was reached, delegations of technicians would meet to negotiate the technical details of implementing the agreement. (850.33/5–2450)

850.33/5–2650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET

Paris, May 26, 1950—8 p. m.

2549. Eyes only Secretary. Jean Monnet came to see me today and discussed recent developments in connection with the Schuman proposal for pooling iron and steel production. At 3 p. m. yesterday Mr. Bevin received from the French Government the text upon which the Germans and French had previously agreed which reads as follows:

[Here follows the text of the brief French-German agreement regarding the basic objectives of the Schuman proposal and plans for its negotiation.]

At 5 o'clock yesterday afternoon the French received from Mr. Bevin [1] a note reading as follows:

"I have now been able to give thought to the organization of further discussion about your proposal for a Franco-German coal and steel authority in which other European countries might participate.

I feel that the important thing is to get something soon. The welcome given to your proposal and the effect it has had on Franco-German relations leads me to think that no time should be lost in following it up.

A full-scale international conference to which no participating countries could come without a great deal of preparation and some measure of commitment seems to me an inappropriate way of handling this affair in the next stage. In my view the most desirable step would be the earliest institution of direct conversations between French and German Governments. His Majesty's Government would like to participate in them from the outset with the hope that obtaining a clearer

[1] Ernest Bevin, British Secretary of State for Foreign Affairs.

picture of how the scheme would operate in detail they might be able to participate in it."

The British message was apparently prepared before the Foreign Office had taken cognizance of the French note. The French have told the British that they will not be able to accept the British suggestion that "His Majesty's Government would like to participate in them from the outset with the hope that obtaining a clearer picture of how the scheme would operate in detail they might be able to participate in it."

The French feel that:

(1) If the British offer to join with themselves and the Germans on a completely uncommitted basis were accepted, the consequent delays attendant upon the consideration of the Schuman plan proposal in detail would make its eventual adoption much more difficult and probably impossible;

(2) The French and Germans have already agreed to undertake joint action along the lines of the French Government's communication to the British of yesterday afternoon and have already invited the Benelux countries as well as Italy to join in this common undertaking. The conversations with these latter governments have been very satisfactory and they are optimistic about the adherence of those governments to their proposal in the exact terms already agreed upon between the French and German Governments;

(3) The present French fear is that preliminary conversations with Benelux and Italian representatives which must be acted upon by the Cabinets of those countries may not be favorably received by the Cabinets if the British Government should now undertake to bring pressure to bear upon them to reject the French proposition. This matter will be settled probably within the next couple of days.

In any event the French intend to publish the text of the agreement between themselves and the Germans next Wednesday and hope by that time also to have the adherence of Benelux and Italy. Monnet's personal opinion is that the British will go along later as participants in the pool. Should any such British maneuver occur and result in a change in the present probable approbation of the plan by the Benelux and Italian Governments this would obviously constitute a serious setback to the undertaking. It might be advisable for the Department to authorize Ambassador Murphy, since Belgium is a key country, in his discretion should the necessity arise to inform Van Zeeland [2] informally of the interest of the US Government in not seeing this plan blocked.

Since the above information was given to me on an entirely personal basis by Monnet it is highly important that only the most limited distribution be made of this message.

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[2] Paul van Zeeland, Belgian Minister of Foreign Affairs.

Sent Department 2549, repeated info London 708 eyes only Douglas,[3] Frankfort 366 eyes only McCloy, Brussels 121 eyes only Murphy,[4] Rome 191 eyes only Dunn,[5] The Hague 71 eyes only Chapin.[6]

BRUCE

[3] Lewis W. Douglas, Ambassador in the United Kingdom.
[4] Robert D. Murphy, Ambassador in Belgium.
[5] James C. Dunn, Ambassador in Italy.
[6] Seldon Chapin, Ambassador in the Netherlands.

850.33/5–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, May 31, 1950—8 p. m.

2592. Department eyes only Secretary. The French declaration on the Schuman plan will probably be issued Friday. Belgium, Luxembourg and Italy have accepted text. Dutch have indicated their intention of doing so but may try to make certain reservations. That will be decided by Dutch tomorrow.

The British official attitude to date is expressed in Bevin's note of May 27. (Text contained London's 2996 to Department.[1])

Yesterday evening, May 30, Schuman replied to the Bevin note, informal translation of which is contained in my immediately following telegram.[2]

It is quite evident, I think, that the British Government will not join in the declaration as now drafted. It is equally evident unless a change in official French sentiment should unexpectedly transpire, that the French will issue the declaration as now drafted and signed by whatever continental countries may join, regardless of the British attitude. It has not, however, been decided whether the French will give the British a special position in regard to later developments in the sense of keeping the UK Government currently and officially informed of the details of conversation between the adhering powers.

There is one school of political opinion in France, amongst which Socialist politicians are prominent, that would like to insist on the UK being regarded in the light of a special partner who will probably put capital into the business once the firm has been incorporated and is operating at a profit. To this end they propose that possible British objections to the terms of incorporation should be taken under consideration and compromise reached to meet the British point of view in the hope that as a result the UK would eventually participate in the enterprise.

[1] May 30, not printed.
[2] *Infra.*

The other school of thought believes that the British will under no circumstances now or in the near future surrender any measure of sovereignty such as is envisaged in the plan and that to invite the UK Government to join in the forthcoming deliberations on a special basis will give it an opportunity to obstruct and sabotage the plan's objectives. The opinion is also held by them that the present form of the British economy is such as to be almost irreconcilable with the fundamental purposes of the proposition and that the necessary internal adjustments that would have to be made in Great Britain in order for it to become a participant would be so highly charged with politics as to make an early and favorable decision impracticable. They fear any delay at this juncture. The tide is now running strongly in their favor and they think it wise to ride its crest.

Sent Department 2592; repeated info London 722, eyes only Douglas, Frankfort 373, eyes only McCloy, Brussels 124, eyes only Murphy, Rome 195, eyes only Dunn, The Hague 73, eyes only Chapin.

BRUCE

850.33/5–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, May 31, 1950—8 p. m.

2593. Eyes only Secretary. Re my immediately preceding cable following is rough translation French note May 30:

"1. The French Government has studied with the greatest care the British memorandum of May 27 in reply to its note of May 25, concerning European coal and steel production.

2. In its message of the twenty-fifth, the British Government had emphasized the fundamental change that the French proposal would bring about in Franco-German relations: *The primary condition and one of the essential aims of the project is in fact the elimination of the age old antagonism between France and Germany.* As the British Government recognizes in its memorandum of May 27, the acceptance by other governments of participation in negotiations on the same basis as the Federal German Government in itself begins a new phase by enlarging the scope of the discussions, which are thus placed from the outset on a European basis. Nevertheless, in its note of May 27 the British Government declared that it holds, so far as its own participation is concerned, to the method suggested in its message of the twenty-fifth which referred only to direct conversations between France and Germany.

3. The special position that the British Government is desirous of maintaining in these negotiations is justified in its memo by the supposed intention of the French Government to require as a prior condition to full participation in the proposed discussions, a commitment

to pool coal and steel resources and to create an authority endowed with certain sovereign powers.

4. As its representatives have had occasion to make known orally to British representatives, the French Government is desirous of repeating its assurances that such are not its intentions. *As was already made clear in its note of May 9 the only commitment would be in a treaty signed by the states and ratified by the parliament.*

5. In reality, the goal the French Government has set itself is quite different. Realizing the practical difficulties that the conversations will have to overcome, it appears indispensable that they be constantly guided by common principles: *It is only if the negotiations are clearly guided by an agreement of the participating governments on the fundamental objectives to be attained that they will be able rapidly to identify the methods of application and the complementary arrangements necessary for implementing the proposal of Mr. Schuman dated May 9.* Such is the meaning that should be given to the world 'commitment' (engagement) in the second paragraph of the draft communiqué.

6. The French Government desires once more to recall the basic motive of this proposal: it aims at creating *on a limited but decisive point, a community of interests to take the place of present divisions; it provides for the establishment of a high authority of a new kind;* it assigns to the latter the mission of effecting a general rise in the standard of living.

7. The British Government is of course legitimately concerned with *pursuing a policy of economic expansion, of full employment, and of raising the standard of the workers. The institution proposed, far from setting up an obstacle to such a policy, is destined, in the mind of the French Government to remove the dangers which might suddenly threaten the pursuance thereof. It proposes to substitute a coordinated raising of the conditions of the workers for a competition founded on the exploitation of labor;* an expansion of markets for the restrictive practices of cartels; a rational distribution of production for dumping and discrimination. The policy of full employment attains its true objectives only if it assures to labor the most productive occupations—it could not in the end be pursued under the pressure of growing unemployment in other countries. The mission assigned to the high authority thus makes it impossible for its action to compromise the results obtained by this policy where it is already in operation, and implies that it favors an overall expansion that will make it possible to reconcile the rationalization of production and the maintenance of full employment.

8. In order to accomplish its mission, the authority will act—*within the limits of its mandate and subject to possible appeal by governments—by virtue of a charter which will have been worked out by the sovereign states and ratified by their parliaments.* One of the objects of the negotiation will be to specify in a treaty the way in which the authority will function, the nature of its powers and the organization of an appeal procedure. *But in order that its action may serve the development of a European community,* it is indispensable that such an authority be independent both of governments and of private interests. *This partial fusion of sovereignty* is the contribu-

tion which the French proposal brings to the solution of European problems. Public opinion has hailed its importance and novelty.

9. The French government believes that the preceding explanations will dissipate any misunderstanding on the significance of the bases of the proposed negotiations. It does not believe that there can be a difference of opinion between it and *the British Government on the objectives envisaged.* It hopes that the British Government will now feel able to *participate on the same basis as the other governments* in the proposed negotiations."

Sent Department 2593, repeated information London 723 eyes only Douglas, Frankfort 374 eyes only McCloy, Brussels 125 eyes only Murphy, Rome 196 eyes only Dunn, The Hague 74 eyes only Chapin.

BRUCE

850.33/6–250 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET PRIORITY WASHINGTON, June 2, 1950—8 a. m.

Following are joint State–ECA instructions which shld be followed by all US reps in Eur in handling Schuman proposals re coal and steel.

1. US welcomes Schuman proposal as imaginative and constructive initiative in field of Eur economic and political relations. Although many difficult problems involved in working out application, US belives they may be overcome. US gratified at emphasis on objectives of cost reduction through increased productivity, benefits to consumers and workers and recognition of desirability of retaining benefits of competitive process (See President's statement contained Wireless Bulletin 117, May 18 [2]).

2. Dept and ECA consider it most important that initiative in developing this proposal continue remain with Eur govts in order assure maximum acceptability Eur people. Moreover, Eur initiative and responsibility are essential to achieve maximum degree political advantage from viewpoint harmonizing French-German relations. Accordingly no further public statements of US position or attitude shld be made at this time except to reaffirm general position expressed in present statements and no formal US proposals for detailed implementation of plan shld be made to Eur govts. US will not be a party to negots and will have no official association or observers at present stage, either on behalf US or US repr on HICOM. Do not believe US can take position on issues between UK and Fr with respect procedures for negots.

[1] Sent to London, Frankfort, The Hague, Rome, Oslo, Copenhagen, Paris, Brussels, Luxembourg, Bern, Stockholm, and Moscow.

[2] Statement read by President Truman at the start of his news conference on May 18. For text, see Department of State *Bulletin*, May 29, 1950, p. 828.

3. May be useful at early stage make participants aware, informally, of direction of US thinking on implementation when this has been more clearly defined in Wash. Also believe possible that situation will develop in which strong US influence shld be exerted to avoid watering down of proposal by one participant (British for instance) or to assure retention of favorable economic elements outlined in original Schuman announcement and emphasized in President's May 18 statement. Therefore, US Govt proposes watch closely development of plan. Dept and ECA wish to be fully informed of views of missions concerned and will give them full consideration but will determine timing and nature of any formal or informal US approach which may be desirable or necessary. This connection, SecState and ECA admin may wish personally authorize or express any US comments.

4. US proposes watch closely development of plan. For this purpose informal arrangements will be sought with Fr and Ger whereby US reps Paris and Bonn will obtain regular and current info on progress negots in maximum detail, including working docs and drafts as negots proceed.

5. In order assure coordination, all future instrs this subject will originate jointly State and ECA, with consultation other interested agencies as appropriate.

ACHESON

850.33/6–450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, June 4, 1950—2 p. m.

2669. Now that French and five other continental nations have decided after fruitless negotiations with British to go ahead and implement the Schuman plan I hope that our government will sympathetically and vigorously encourage this initiative. It is regrettable that UK did not see its way clear to endorse scheme at this time by accepting chief principle involved namely creation of supranational authority to direct coal and steel pooling arrangement.

This surrender of a portion of national sovereignty having proved unacceptable to British Government there is naturally great concern amongst participating countries to be reassured that we are still favorable to proposed integration. Indeed it would be highly inconsistent if we did not reaffirm our position in the matter.

On many occasions we have exhorted West European nations to unity of action in economic and military and even in political field. Since because of British refusal to join in such an endeavor we cannot presently hope to see a complete structure erected we should not be

chary of admiration for architectural plans which are more modest in scale.

One of great objectives of our foreign policy has been to bring non-communized Germany into closest possible communion with its western neighbors. The obstacles to such an achievement for a long period seemed almost insuperable. Various combinations and even expedients were discussed and found impracticable of realization. Then the French proposal, audacious in nature, comprehensive in conception opened up new possibility of European integration and at least offered prospect of moderating century old antagonism between French and Germans. It moreover had profound psychological implications. France, the natural leader of continental civilization had emerged from her lethargy and spirit of defeatism and had once again erected a standard to which her neighbors could rally.

One cannot predict how the policy of the British Government may now unfold in this particular. Various reasons have been adduced for its decision. It is said that its Commonwealth obligations make it impossible to adhere as a full partner just as it had been unwilling for the same reason to join unreservedly in the operations of the OEEC.[1] It has also been stated that its planned economy could not readily be adjusted to such a novel change in its social industrial and commercial relationships. Moreover it would of course be indisposed to turn over an iota of its sovereignty to guardianship of a committee of individuals whose authority is undefined and whose intentions are unknown, even though others were willing make this venturesome leap into the dark.

There are other explanations of the UK attitude all of which probably had some bearing on its action. Perhaps the most important point if one speculates upon motivation is the traditional foreign policy of the UK still tenaciously if somewhat covertly cherished despite debilitating wars and diminution of Empire, that assesses European politics in terms of balance of power.

There is however nothing constructive to be gained by being overcritical of Great Britain in this connection although I think it might be observed with justice that the manner in which it has lately attempted to sabotage the Schuman proposal displayed a vacuum of comprehension and an ineptness of diplomatic intercourse which is quite unusual. Whitehall has not often, after its secret proposals of compromise had been politely but firmly disapproved, resorted to the public press to repeat a suggestion that had been officially rejected by a friendly government a few hours before. (Mytel 2668.[2])

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[1] For documentation on this subject, see pp. 611 ff.

[2] June 3, not printed.

Under any circumstances it will be no easy thing for these participating nations to agree upon treaty terms which will secure approval of their respective parliaments. Except in certain definite economic instances such as the abolition of customs barriers throughout the area, the elimination of discriminatory freight rates, the prohibition of double prices etc., each question taken under consideration will involve long-range planning of extraordinary complexity.

The French hope is to reach an agreement in treaty form embodying broad principles and to leave the technical details to be worked out later.

This is a formidable task and in its initial stages the US can contribute little except moral support. But this moral support is of cardinal importance.

I, therefore, respectfully recommend that Department consider immediately the advisability of the President issuing a statement congratulating the French for their leadership in this enterprise, felicitating the other countries associated with it on their participation and wishing them well in this adventurous but peaceful combination.

I discussed this question yesterday with Ambassador Douglas whose views are generally in accord with the above recommendation but who will communicate them himself to the Department.

Sent Department 2669; repeated info London 744, Rome 206, Luxembourg 23, Brussels 134, The Hague 80, Frankfort 386. Pass to Hoffman [3] and Harriman.

BRUCE

[3] ECA Administrator Paul G. Hoffman.

850.33/6–550 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, June 5, 1950—3 p. m.

3124. 1. There are, it seems to me, three segments of the Schuman–Monnet proposal. The first is related to the way in which negotiations among the countries concerned are commenced, the terms of reference of the negotiators, and assurance that negotiations, once started, proceed in an orderly way. Speed is important for with the passage of time and for a variety of different reasons, the initial welcome and enthusiasm which the proposal evoked will, I fear, gradually evaporate. The second segment has to do with developments during the negotiations, the merits and demerits of the various elements of the proposal and also suggestions put forward by participating negotia-

tors and of their practicability. The third segment of the proposal has to do with the evolution of the plan after negotiations have been completed, a treaty ratified and an authority established.

2. This telegram is addressed solely to the first segment of the problem. My immediate following cable will deal with the second segment.

3. You are fully informed of the progress or lack of progress made by the French and British in their negotiations covering the communiqué which had been agreed to by French and five other countries including Germany, of the British disapproval of the communiqué and the procedure which it defined. You have been informed of the note communicated by the British to the French late Friday evening June 2 which reiterated the British reasons for disapproval of the communiqué to which the other powers had agreed and added as a "constructive" suggestion the proposal that the Schuman project be considered at a meeting of ministers of the countries concerned. You have been informed that the French upon receipt of this communication from the British notified the British Ambassador in Paris at 10 o'clock Saturday morning, who forthwith transmitted the information to the Foreign Office in London, that the British proposal for a ministerial meeting was unacceptable and that French would proceed to issue the communiqué to which the other continental powers had subscribed at 12 noon on Saturday. Thus the British were thoroughly aware of the French position in regard to their proposal for a ministerial meeting before the British released their own communiqué. This—the British communiqué—contained an invitation to the French to review their approach to the problem and to agree to a ministerial meeting to consider, if not other things, at least procedural matters connected with the Schuman project. The above is an accurate outline of the developments of negotiations between the French and British which came to a climax in the issuance of the respective communiqués Saturday noon June 3.

4. Why did the British, after having been informed officially and through secret diplomatic channels that the French could not accept the British proposal for a ministerial meeting, nevertheless, and in the face of known French opposition, propose in their public communiqué a ministerial meeting without at least giving the French Government some knowledge in advance that they proposed to do so? I believe that HMG behaved as they behaved, not to present their proposal once more to the French Government, for it had already been rejected, but to the other participating Continental powers in the hope that, on the one hand they would be able to wean the other Continental powers away from the French proposal, and on the other, in-

duce them to become associated with their own method of dealing with the matter. Stated somewhat differently, the British included in their public communiqué the proposal for a ministerial meeting as a challenge to the renaissance of French leadership on the Continent.

5. Why did the British undertake to challenge French leadership? On the one hand they were not prepared to join in the Schuman proposal, and on the other, they were not prepared to pay the consequences for not joining. The only way in which they could escape from either horn of this dilemma was to frustrate the whole project or to recast it according to their own liking. They believe, and in this belief I concur completely, that a ministerial meeting to discuss either procedure or substance would probably produce precisely this effect.

6. The Schuman proposal is the first evidence of French confidence and of French leadership in the affairs of the Continent of Europe. It has great merits and at the same time holds out the possibility of great abuses. My immediately following telegram will deal with the merits and possible abuses under the plan. Briefly, the merits if adequate safeguards are taken against possible abuses, stamp this proposal as one of the forward-looking projects so far made. The two features which appear to me are first, that France took the leadership, and secondly that France took the leadership in something which can be extraordinarily good. I believe that our missions in Europe should be authorized, if this is necessary, discreetly and wisely to support French leadership in this matter. (Therefore, suggest that in this respect, exception to be made to circular telegram of June 2.[1])

7. Although I knew in a general way of the substance of cirtel of June 2, on Saturday morning when I heard of the British contemplated communiqué proposing a ministerial meeting, I sent an oral message on a purely personal basis to the Foreign Office to the effect that in my opinion it was ill-advised, that it might seriously damage the whole Schuman proposal and that as a friend I could say that it would not be well received in the US.

8. The British may have some good reasons for not participating in the negotiations. Some of the reasons they have advanced are, however, I think no more than excuses. One of the basic causes which lies behind the publicly expressed reasons for HMG's reluctance is their

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[1] June 2, 8 a. m., p. 714. In the margin of the source text, alongside this paragraph. is written the following comment: "Adequately covered by cir. tel. June 5, 6 a. m." The June 5 telegram, not printed, sent to Frankfort, The Hague, Rome, Paris, Brussels, and Luxembourg, and repeated to London for information, reads as follows: "In event govt to which you accredited shld inquire re US reaction recent developments Schuman plan, you authorized say informally and confidentially US Govt highly pleased continental countries able agree on far-reaching principles orig Schuman proposal as basis negots. Any public comment shld be within framework Depcirtel [7 ?] p. m. June 5 [*infra*]." (850.33/6–550)

fundamental fear that by joining the Schuman Plan, they expose their internal position to external forces which might impair their ability to plan and which might possibly interfere with their program for internal full employment. I am not now dealing in this cable with the reasons which influence the British to decline the invitation to participate in negotiations. I am merely dealing with the publication of their suggestion previously rejected by the French for a ministerial meeting to consider the matter and of the motives which lie behind them.

Sent Department 3124, repeated information Paris 973, Frankfort 278, The Hague 124, Brussels 136, Rome 265.

DOUGLAS

850.33/6–550 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

WASHINGTON, June 5, 1950—7 p. m.

Dept representative made fol statement on Schuman plan to press conference Jun 5:

"We were glad to learn over the weekend that Fr, Ger, Belg, Italy, Lux and the Neth had agreed to meet to work out the implementation of the Schuman plan for pooling Eur coal and steel resources.

It is also a source of satis to know that the Govt of the UK, although it feels unable to accept, in advance of further exploration, the far-reaching implications of the Fr proposal, has expressed its sympathy with the broad purposes of the Schuman plan and has stated its hope that the plan will work out in such a way as to permit Brit participation. We are therefore gratified that arrangements have been made for a continuous exchange of information with the UK during the progress of the negots."

ACHESON

[1] Sent to London, Frankfort, The Hague, Rome, Oslo, Copenhagen, Paris, Brussels, Luxembourg, Bern, Stockholm, and Moscow.

850.33/6–650 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, June 6, 1950—7 p. m.

3125. 1. Herewith second segment referred to in Embtel 3124 June 5.

2. This telegram deals with Schuman Plan in 3 parts.

(I) Fundamental elements of the plan itself, insofar as they have been disclosed publicly or privately; (II) Political advantages and

disadvantages of proposal; (III) Economic merits of various elements of the plan, the difficulties in giving effect to some elements, and the abuses that might arise under it.

I. *Plan contemplates the following:*

(*a*) Abolition of all customs duties among participating countries in respect of international movement of coal, coke, pig iron, steel and iron ore.

(*b*) Prohibitions against any discrimination in freight rates.

(*c*) Abolition of discriminatory export prices.

(*d*) "Equalizing prices." We are not certain what is meant by this phrase. It has been interpreted to me as meaning the establishment of a price structure by any particular plant (not industry) which, when increased by the freight rate to consignee, will not necessarily produce a price equal to that from all other plants.

(*e*) Equalizing wages and working conditions in all participating countries.

(*f*) Vesting in an international authority certain powers over production and investment in the steel, iron, coke, coal and iron ore mining industries, and over development of joint exports.

(We have been assured by the French that *d*, *e*, and *f* are not to be used for protective or restrictive purposes.)

(*g*) Negotiation of a treaty which, when ratified by respective parliaments, would bind each participating country to principles and essential undertakings in *a* through *f* above.

(*h*) Subsequent negotiation of details of implementation with assistance of a jointly-designated arbiter.

(*i*) Establishment of a high authority (consisting, I understand, of 3 to 7 members) charged with responsibility of carrying out the terms of the treaty and deriving its powers from the signatory governments.

(*j*) Members of this authority will not be representatives of national governments.

(*k*) Provision for appeal against any decision of the authority when any power feels itself to be injured.

3. The declared aims of Schuman Plan are:

(*a*) Eliminate age-old opposition between France and Germany.

(*b*) Pool basic production as step toward establishment of an economic community, which in turn will create first concrete foundation for a European federation, itself indispensable for preservation of peace.

(*c*) Modernize and expand coal and steel production and improve quality.

(*d*) Help in development of African continent.

4. The plan attempts in no way to prejudge question of nationalization of industries.

II. *Political advantages and disadvantages:*

5. The political advantages of the plan are potentially tremendous, if its essential principles (at least *a* through *c* of part I) are retained in the final treaty and are implemented in practice:

(*a*) The plan is the result of French creative leadership. Through this fact alone it has more chance of acceptance than any proposal, however good, which the US might suggest to Europe. Moreover, it should facilitate France's resumption of continental leadership, which hitherto the US has had to look to a latterly somewhat reluctant Britain to carry.

(*b*) It should abate, if not dispel, fears of recurrent Franco-German war, and thereby encourage France to acquiesce in increased economic strength of Germany, and, possibly at a later date, even in German military participation in Western defense. For last three quarters of century France's fear of German aggression has been perhaps most serious obstacle to development of a unified continental Europe and has absorbed so much of France's energies that she has been unable to play her full potential role in the world scene.

(*c*) Through pooling of basic production in Germany, France, Benelux, and Italy, the plan should tend to weld Germany to the West and make it more difficult for Germany to play off West against East.

(*d*) It should increase Western Europe's basic economic strength and thereby its ability to withstand both economic and political pressure exerted by Soviet imperialism.

(*e*) It should constitute an important first stage for a possible future European federation; for it realistically proposes to establish a rational economic scheme for the production and distribution of specific and identifiable commodities, from which further political federation in graduated stages but it might be expected to develop as a natural rather than forced result.

6. As far as political disadvantages are concerned, it is important that plan not be used as a vehicle:

(*a*) To underwrite the economic base of a "third force". It should be noted that plan proposes that production will be offered to entire world "without distinction or exclusion". This phrase may have been included for propaganda purposes, but it obviously could run counter to NAT objectives in controlling shipments of vital supplies to the Soviets and satellites. The greatest safeguard we have against the perversion of the plan in a "third force" direction rests in the existence of NAT itself, and in fact that the stronger Western Europe becomes economically the more capable it will be of handling its own fifth columns and of withstanding Soviet pressures.

(*b*) To permit the resurgence of Germany as the dominating element in Western continental Europe. It has been argued that because of Germany's organizational abilities, industrial skills, national tenacity, and natural resources, Germany rather than France might possibly come to control the industries covered by plan unless UK were an active participant. I do not believe that this argument is too

valid, since Germany might ultimately do this whether UK were an active participant or not. It was in recognition of this danger probably that Schuman in his original scheme proposed appeal machinery, representation "on an equal basis", and for impartial public reports to UN. Much will depend upon who are selected as members of the authority and their appointment should be carefully watched.

III. *Economic merits, difficulties, and potential abuses:*

7. The first three elements of the plan under part I above, i.e., abolition of customs duties; prohibition against discriminatory freight rates; and abolition of discriminatory export prices, seem to me to be steps completely in right direction. They should establish a large free trade area in respect of five most important commodities in this highly industrialized area. This is great step towards ultimate formation of single European market for all commodities, with all the benefits that can flow therefrom.

8. Indeed, the most realistic element of Schuman proposal, and the one which gives it such promise of success, is that it does not attempt to create at one stroke a single market for all products, but concentrates for immediate future on creating such a market for a few key commodities. In my opinion this is most effective way in which advance can be made.

9. Mounting prices, wages and working conditions raises problems of great complexity and difficulty. At same time, if properly handled, this element of plan could bring about the efficient use of human and natural resources, provided it is accompanied by free movement of labor, capital and materials and is guided by competitive forces. There will be less efficient use of productive resources however if authority employs its powers to plan production and investment and develop joint exports in such a way as to limit competition. If plan, in operation, conforms to general principles of an expanding economy, which French Government has declared to be its purpose, and does not degenerate into a super-cartel with price fixing, licensing, division of markets, restriction or artificial allocation of funds for investment, and suppression of competition and technical improvements, then the positive economic potentialities of scheme should predominate.

10. We must recognize that authority may be compelled to erect tariffs around these industries or take other steps to protect them. This is risk we must take, even though it may appear to be prejudicial to us. We would be quite inconsistent, if, on the one hand, we urged Europe to increase productivity, expand production, close the dollar gap, and integrate the European market, and on the other took offense if they did so. There is a difference between restrictive arrangements motivated by narrow economic nationalism, and necessary arrange-

ments designed to expand production for the benefit of a large regional grouping.

11. The novelty, scope, and potential benefits of plan to Westerners, and indirectly to us, are so great that we should keep an open mind, as well as a critical eye, on the course of developments.

12. Essentially, what I am suggesting is that irrespective of whether or not UK participates, the possible advantages of Schuman's proposal in orienting Germany westward, creating a single market for the selected basic commodities, and strengthening Western Europe outweigh the possible dangers that plan may be perverted. We should, therefore, give every possible encouragement to its successful drafting and implementation.

Sent Department 3125, repeated information Paris 982, Rome 267, Brussels 139, Frankfort 280, The Hague 127.

DOUGLAS

850.33/6–850 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, June 8, 1950—7 p. m.

3233. 1. Reference Embtel 3124, June 5, paragraphs 4 and 5 (repeated Paris 973, Rome 265, Brussels 136, Hague 124, Frankfort 278) commenting on underlying British motivation in releasing June 3 communiqué proposing ministerial meeting to discuss Schuman plan.

2. In very frank conversation yesterday with Embassy representatives Plowden,[1] chairman British interdepartmental group studying all aspects Schuman plan, stated categorically British not preparing "counter-proposal" to Schuman plan as reported British press. He said it would be presumptuous for British Government, which is not party to impending negotiations, to offer a counter-proposal. Stevens, head Foreign Office German Section, also informed Embassy officer government not preparing "counter-proposal" but conducting studies with view to making suggestions as six-power discussions develop. These statements corroborated today by obviously government-inspired London *Times* article.

3. Plowden emphasized difficulties encountered by himself and associates in efforts analyze plan because of lack details and said in recent six-hour talk with Monnet latter was unable illuminate how plan would work. He expressed opinion Monnet himself highly uncertain re basic details of operation.

[1] Sir Edwin Plowden, Chief Planning Officer, British Treasury.

4. Plowden vigorously denied British attempting "sabotage" plan. He described as completely untrue article in Paris *L'Aube*, carried June 6 in London *Daily Telegraph*, that British motive in allegedly preparing counter-proposal was attempt hamper six-power conference and "recover initiative from France". He said British Government fully aware political importance Schuman proposal and expressed personal opinion British would "support" plan, even at cost of some economic disadvantages, "provided there was reasonable assurance that plan would work".

5. When asked if plan's provision for supra-national authority constituted major deterrent to British participation, Plowden stated he personally did not believe it did but feared that emphasis given to supra-national character of authority might exaggerate in British public mind extent to which British might have to relinquish sovereignty if it became associated with plan. He added that responsible British officials are not unduly influenced by this aspect because they are aware British Government controls over economic situation are constantly subject to external and uncontrollable influences such as outside developments affecting UK imports-exports. He suggested there could be two kinds of supra-national authority, one of which might be acceptable to British but he did not develop this idea.

6. Plowden said British iron and steel leaders do not consider their interests would be greatly affected by British affiliation or failure to affiliate, but admitted question of affiliation much more important from standpoint coal industry. When asked whether British iron-steel industry might not be adversely affected if six-power continental authority without British decided to erect protective tariff wall embracing participating countries, he said he was less concerned over that possibility than possibility purely continental authority might, in time of economic recession, engage in dumping practices detrimental British industry. He assumed US also interested that aspect.

7. Plowden suggested possibility of some "third force" thinking in French motivation of plan (see Embtel 3125, June 6). He admitted this impression came from talks with Monnet and other indications that some of French enthusiasm for plan based on belief Germany, not USSR, was ultimately major threat to France and that if plan should remove that threat it would reduce French and indeed West Europe's need to strengthen defenses.

8. Embassy representative asked whether Plowden felt Schuman plan conflicted with GATT and ITO principles. Plowden immediately replied that it did but assumed US would not raise issue. He felt there were provisions in GATT to permit exceptions to paragraph 5, Article

24. (Stephen Holmes, BOT, reacted similarly during informal discussion Tuesday.) Plowden continued that if UK did wish object plan it could do so directly through its High Commissioner.

9. Plowden repeatedly made point that British Government fully recognizes political potentialities of plan and left impression government desirous avoiding any further action which might either create impression that British attempting undermine plan or otherwise have effect of dampening enthusiasm for it. However, he carefully refrained from creating impression that British participation was probability and defence present "wait and see" British policy. Implication derived from his remarks was that Britain wishes to be in position to "support" plan, if political aspects make it appear desirable or necessary to do so and if economic cost not too great, but also be free act as necessary to protect British interests.

10. I believe statement[s] of Plowden, who is intimately involved in government consideration Schuman plan, honest and sincere but I am not yet certain that they accurately reflect attitude some still higher government officials whose influence I suspect was primarily responsible for issuance proposal in June 3 communiqué which they knew had been previously rejected by French. While I believe French were not entirely without blame in their handling that matter, I recognize their attitude probably conditioned by previous experience with British approach question European integration. Plowden's statements obviously leave several important questions re basic British position unanswered but if his general attitude toward plan is or will become official British attitude my suspicions re underlying and devious British motives expressed Embtel 3124, may prove unfounded.

11. From several sources it now seems quite probable that, although some of the members of the British Cabinet sincerely welcome the French initiative as exemplified by the Schuman proposal, Bevin, himself, preferred either (*a*) to strangle it by protracted discussions, or (*b*) to remodel it quite drastically. These sources indicate he was largely responsible for the British communiqué in which there was made the suggestion of a ministerial meeting in the face of HMG's knowledge that the French had previously found it unacceptable.

With Bevin now in the hospital and with Attlee, more favorable to the plan than Bevin, playing larger role in foreign policy, there may develop a gradual modification of the British position.

Sent Department 3233, repeated information Paris 993, Rome 274, Brussels 145, The Hague 133, Frankfort 287.

DOUGLAS

850.33/6-850

The British Ambassador in the United States (Franks) to the Secretary of State

CONFIDENTIAL PERSONAL WASHINGTON, June 8, 1950.

DEAR DEAN: Mr. Bevin has asked me to tell you that though he is in hospital he is in touch with the development of Anglo-French discussions about the Schuman Plan, and is quite sure that we have taken the only line possible for us. Where matters of such vital importance are at stake, we cannot buy a pig in a poke, and he is pretty sure that if the Americans had been placed in a similar position they would have thought the same. Whatever the other countries may have done, it was not possible for us to take the risk of having to go back on our word once we had bound ourselves to certain principles. He does not think Anglo-French relations will suffer. Indeed, he thinks it all to the good that where there are differences these should be brought out into the open and discussed dispassionately with full comprehension on both sides. He is confident that our relations with the French will remain as intimate as ever. He has just had a cordial message from M. Schuman about the Atlantic Council meeting.

Yours sincerely, OLIVER FRANKS

850.33/6-2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 24, 1950—10 p. m.

3079. (This message contains verbatim text.) Attention Perkins inform Hoffman ECA. This cable is first in series transmitting our translation text of working paper containing draft of treaty implementing French proposal of May 9. Text was given to heads of delegations this morning.[1] During afternoon meeting heads of delegations unanimously agreed that text should be held as secret. Primary reason was that official release would invite endless questions from press on wording and delegates would in sense be obligated at least to comment, a situation that they are anxious to avoid at this stage of negotiations. Alternative tentatively agreed is that summary will be given to press for Monday, June 26. Very few copies of working paper distributed and, while delegates sworn to secrecy, it is probably inevitable that press will obtain copy within a fairly short time. Nevertheless there

[1] Delegations from France, Italy, western Germany, and the Benelux countries opened the so-called "Conference of Six" in Paris on June 20.

will be no public release and, while document is officially available to US government, it is important that head of each mission assume personally the responsibility for its distribution and for such declassification as he considers necessary. We wish to declassify as soon as possible and will cable when we do so.

Begin text working document.

Foreword

After a first exchange of views among the six delegations, the French experts have undertaken to prepare a working paper in order to facilitate the common drawing up of a draft treaty to give effect to the French proposal of May 9. The French delegation itself intends in the course of this mutual undertaking to suggest substantial modifications and additions to this working paper.

Preamble

Considering that world peace can be safeguarded only by creative efforts commensurate with the dangers which menace it;

Convinced that the contribution which an organized and vital Europe can make to civilization is indispensable to the maintenance of peaceful relations;

Aware that Europe can build itself only by concrete achievements creating first a true solidarity and by the establishment of common basis for economic development;

Desirous of cooperating by expansion of their basic production in raising the standard of living and by the advancement of peaceful accomplishments;

Resolved to substitute for age-old rivalries a fusion of their essential interests, to establish by creation of an economic community the basic foundations of a broader and deeper community among countries long torn by violent dissensions, and to lay the cornerstone of an institution capable of leading to a future in which all may share;

The high contracting parties have decided to create a high authority in the service of the European community and to entrust to it the pooling of their coal and steel production.

To this end, they have agreed on the following arrangements:

Section I—The high authority.

Article 1. There is hereby established a common high authority to which the states parties to this treaty confide the pooling of their production of coal and steel and whose decisions will be binding on the states under the conditions hereinafter set forth.

Article 2. The high authority shall be composed of six to nine members chosen by reason of their general competence.

Members of the high authority shall be appointed for six years; the terms of one-third of the members shall expire every two years. In the course of first six years of the operation of the high authority, the order of retirement shall be determined by lot. A retiring member is eligible for reappointment.

Article 3. The governments of the states parties to this treaty shall name members of the authority by common agreement; in the absence

of unanimity among the governments, successive votes will be taken for each seat, with a two-thirds majority being required on the first ballot, then a simple majority.

For a member to be elected he must in any case receive votes of at least half the states.

Note—The number of votes which each state is to have will be the subject of a later examination.

Article 4. The president of high authority shall be elected for three years by the governments from among members of the authority. On the first and second ballots a majority of two-thirds will be required, on the third ballot a simple majority. In case of an equal division of votes, the youngest candidate shall be designated.

Article 5. The high authority shall take its decisions by a simple majority. However, when, in accordance with Article 7, it proceeds on the request of a government to a second examination, a confirmatory decision may be taken only by a two-thirds majority.

In case of an equal division of votes, that of the president shall be preponderant.

Article 6. The high authority may communicate, as case may be, either to member governments or directly to business enterprises:

(1) Decisions, which are legally binding on addressees in all their details;

(2) Recommendations, which are binding as to their purposes but which leave to their addressees the choice of appropriate methods to carry out the stated purpose; and

(3) Suggestions, which are not legally binding.

Where the high authority is empowered to make a decision it may instead make a recommendation or suggestion; where the high authority is empowered to make a recommendation it may instead make a suggestion.

With respect to the services, agencies and institutions attached directly to the high authority, the latter will have the right to promulgate regulations and to take all necessary measures of internal order.

Text to be continued in subsequent telegram.

Sent Department 3079; repeated info London 861 eyes only Douglas, Frankfort 432 eyes only McCloy, Rome 233 eyes only Dunn, Brussels unnumbered eyes only Murphy, The Hague unnumbered eyes only Chapin.

BRUCE

850.33/6–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, June 24, 1950—11 p. m.

3080. Attention Perkins, inform Hoffman ECA. This is second in series transmitting translated text working paper containing French draft treaty on Schuman plan. See Embtel 3079.

(This message contains verbatim text.) *Begin continuation of text:*

Article 7. The states whose interests are affected by a decision or a recommendation of the high authority may, with [*within?*] (blank) days following the transmittal of such decision or recommendation, request the high authority to re-examine its position.

At the expiration of the period thus fixed, or immediately in the case of a confirmatory decision following a second reading, the decision or recommendation shall be made public.

Decisions dealing with the procedure, regulations and other measures of an internal order as well as the suggestions of high authority may be published immediately.

The same right of appeal shall be open to enterprises in case of a decision or a recommendation directed to them individually.

Article 8. Within (blank) days after the publication of a decision or a recommendation of the high authority which has been confirmed on second reading, a state party to the treaty or an individual enterprise to which such decision or recommendation was directed could have the matter referred to an *ad hoc* court of arbitration. As an example, this court might consist of five members; the International Court of Justice and the International Labor Organization would each designate a member of the court and the states parties to the treaty would by agreement designate the three other members, using the procedure prescribed in Article 3. These three members should, as far as possible, be chosen from nationals of states not parties to the particular cause, or from persons not connected with the affected enterprise. The member designated by International Court of Justice would be the president of the court.

Appeal would be admissible only if they were founded on the violation of treaty obligations binding on the high authority or, with respect to appeals by states, if the decision or recommendation questioned was of such a nature as to compromise either a policy of full employment in an expanding economy or the equilibrium of the external balance of the interest state.

If the court should decide that there had been a violation of treaty obligations, its decision shall be binding on the parties.

In all other cases where an appeal was admissible, the court would act as a mediator and would address to the high authority a recommendation as defined in Article 6.

In principle, the taking of an appeal would not have the effect of suspending the decision of the high authority pending a determination of the appeal.

Article 9. The high authority shall publish each year a complete report on its activities, at least one month before the convening of the common assembly at the seat of the high authority.

Article 10. An auditor shall be appointed for three years by the member governments in accordance with the procedure set forth in Article 3. He shall be required to make an annual report on the state of the accounts and the financial management of the high authority. This report shall be referred to the high authority and shall be attached by it to its annual report.

Article 11. Once a year, the parliament of each of the member states shall elect delegates drawn from its own membership. All of those elected shall convene once each year in a common assembly for the purposes set forth in the following articles.

(*Note*—the number of delegates for each state shall be the subject of a later examination.)

Article 12. The common assembly shall designate its own president and shall hold public meetings. The members of the high authority shall be present and answer questions which may be put to them by the common assembly.

In general meeting, the common assembly shall proceed, in the presence of the members of the high authority, to discuss the report published by the high authority and to review the latter's activities.

Article 13. If the common assembly censures the report of the high authority by a two-thirds majority, the members of the high authority must resign in a body. They shall continue to carry on current business until they are replaced in accordance with the procedure prescribed in Article 3.

Article 14. In addition to the regular termination envisaged by Article 2, the functions of a member of the high authority may be terminated either by resignation or by a unanimous vote of the other members.

Article 15. The high authority shall provide for establishment of three consultative committees of employers, of workers and of consumers. These committees may be convened separately or jointly, on the initiative of the high authority. The high authority may establish any other consultative committees which it deems useful.

(*Note*—the composition and the method of designating the members of these committees will be the subject of a later examination.)

Article 16. The seat of the high authority shall be (blank).

The high authority shall enjoy in the territory of each state party to the present treaty the juridical capacity necessary to the carrying out of its functions.

The high authority shall fix the method of recruitment and the status of the members of its personnel. The members of the high authority and its personnel shall have the status of international civil servants. They shall neither seek nor receive instructions except from the high authority. The states parties to the present treaty undertake to respect in every way the supra-national character of the high authority and of its personnel and not to seek to influence them in the exercise of their functions.

The members of the high authority and its senior officials shall receive on the territory of the signatory states the same treatment as is accorded to diplomatic representatives. Special agreements on this point shall be negotiated between the states and the high authority.

Text to be continued in subsequent telegram.

Sent Department 3080; repeated info London 862 eyes only Douglas, Frankfort 433 eyes only McCloy, Rome 234, eyes only Dunn, Brussels unnumbered eyes only Murphy, The Hague unnumbered eyes only Chapin.

BRUCE

850.33/6–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 24, 1950—11 p. m.

3081. Attention Perkins, inform Hoffman ECA. This is third in series transmitting translated text working paper containing French draft treaty on Schuman plan. See Embtel 3080.

(This message contains verbatim text.) *Begin continuation of text:*

Section II

The pooling of coal and steel production.

Article 17. The mission of the high authority shall be to contribute by every means at its disposal to a policy of economic expansion, full employment, and the raising of the standard of living of the workers, and to ward off the dangers which can suddenly threaten the continuation of this policy.

It shall in particular:

(*a*) Assure the supply of coal and steel under identical conditions at the point of production;

(*b*) Make sure that the satisfaction of the domestic needs of the member countries and the development of common exports other countries is accomplished under the best economic conditions, without distinction or exclusion;

(*c*) Promote the modernization of production and the improvement of its quality;

(*d*) Eliminate those artificial elements likely to jeopardize normal competitive conditions;

(*e*) Pursue the equalization in an upward direction of the conditions of life and labor of the workers in the coal and steel industries;

(*f*) Take the necessary transitional measures in carrying out its mission.

(*g*) Institute, in cooperation with the interested governments, enterprises and organizations a system for the exchange of information and for permanent cooperation, which will permit the high authority to execute its mission with limited administrative machinery and with a minimum of intervention.

Note—in the spirit of the drafters of the present working paper and as is emphasized in paragraph (*g*), certain of the powers envisaged in the following articles should be considered precautionary; the high authority will direct its activities in such a way as to avoid their employment except in extraordinary circumstances.

Article 18. To make possible the accomplishment of the missions entrusted to the high authority, the member states undertake certain commitments and grant to the high authority certain powers.

Article 19. The states parties to the present treaty commit themselves:

1. To take all measures necessary to assure the creation of a single market for coal and steel embracing the whole of their

territories as well as the pooling of their production; and, specifically, on the request of the high authority, to abolish:

All import or export duties, or equivalent taxes, and all quantitative restrictions on the movement of coal and steel among the states parties to this treaty;
All subsidies or assistance to the industries in question;
All types of differentiation between the national market and external markets in transport rates on coal and steel;
All restrictive practices tending to the division and exploitation of national or external markets.

2. To carry out the obligations placed upon them by the decisions and recommendations of the high authority, to give close attention to its suggestions, to facilitate in every way the execution of its mission and to take within their respective jurisdiction all general or specific measures necessary or useful to this end and, specifically, to adapt to the requirements of the common market their customs duties on coal and steel with regard to third countries.

Article 20. In order to provide itself with intermediaries for the execution of the missions which are imparted to it, the high authority may accredit regional associations of producers or encourage their creation.

Except for enterprises possessing establishments dispersed over the whole territory of a state, each association must correspond to a geographical zone where the conditions of production are substantially homogeneous, without taking account of existing frontiers in the delimitation of this zone.

The operating expenses of these associations will be covered by dues paid by their members. Each group must submit to the high authority an annual report which will be made public.

Article 21. The high authority may gather, either through the intermediary of the regional associations or directly from individual enterprises, information which may be of use to the accomplishment of its missions. It may make or cause to be made the necessary verifications.

Information concerning individual enterprises will be treated as a professional secret. With this reservation, the high authority shall publish such data of a collective character as will contribute to informed action by the governments and all the interested parties.

Article 22. The operating expenses of the high authority will be covered by dues levied upon the enterprises under its jurisdiction according to uniform rules.

Article 23. In order to facilitate the specialization, modernization, and expansion of productive capacity, the high authority is authorized to make loans to business enterprises. In order to facilitate necessary conversion of certain enterprises or to encourage the development of new activities making it possible to assure to labor a productive employment, the high authority is authorized to make loans and grants.

For this purpose, the high authority may receive funds in any form whatever, may float loans, and, to guarantee the servicing of those loans, may place a levy on deliveries of coal and steel.

Article 24. In order to attain the objectives which are assigned to it, starting from the disparate conditions under which production now takes place in the various member countries, the high authority should institute a temporary mechanism of perequation making it possible to assure that during the period of transition such shifting of production as may occur will be gradual.

The perequation fund will be supplied by contributions levied upon producers on a uniform basis. The fund will serve to provide temporary assistance to enterprises which require a period of time to adapt to the single market. The amount of such perequation shall be constantly reduced during this transition period.

Text to be continued in subsequent telegram.

Sent Department 3081; repeated info London 863, eyes only Douglas; Frankfort 434, eyes only McCloy; Rome 235, eyes only Dunn; Brussels unnumbered, eyes only Murphy; The Hague unnumbered, eyes only Chapin.

BRUCE

850.33/6–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 24, 1950—11 p. m.

3082. Attention Perkins inform Hoffman ECA. This is fourth in series transmitting translated text working paper containing draft of treaty implementing French proposal of May 9. See Embtel 3081.

(This message contains verbatim text.) *Begin continuation of text:*

Article 25. The competence of the high authority in the field of prices shall be directed towards the following objectives:

To protect the consumer without discrimination;
To protect the producers against unfair trade practices;
To assure a regular expansion of markets and of production;
To bring about progressively conditions which will spontaneously assure the most efficient distribution of production at the highest level of productivity.

The high authority shall have the power to determine the methods of establishing prices; it shall be empowered in particular:

To prescribe that enterprises shall quote prices based on the place of production;
To prescribe that each enterprise shall make public price lists applicable to all consumers without discrimination;
To establish general or regional maximum and minimum prices between which, unless a special exception is made, prices must be included.

If the high authority finds that the normal methods of competition are threatened by discrimination on the part of consumers, in par-

ticular in the clauses regulating the contracts placed by organizations under government control, it will make the necessary recommendations to the interested governments.

Article 26. The competence of the high authority in the matter of wages and conditions of work shall be directed towards the pursuit of the following objectives:

To avoid using wage reductions as a means of competition or economic adjustment;

To eliminate every type of competition based on the exploitation of labor;

To assure to the workers of the coal and steel industries the highest standard of living compatible with the economic equilibrium of the interested countries as well as with the expansion of coal and steel production and the protection of the consumers.

The high authority shall gather all information necessary to appraise the possibilities of improving the living conditions of labor as well as the dangers which threaten these conditions.

In case the high authority should recognize that in certain enterprises total direct and indirect expenditures on labor per working hour are abnormally low, it shall address appropriate recommendations to the interested enterprises or governments. It may, if necessary, bring about an equalization of the conditions of competition by levying a special contribution upon the enterprises in question.

In case the high authority should recognize that in certain enterprises a reorganization is necessary in order to prevent a level or an increase in remuneration of the workers being prejudicial to other workers or to the expansion of production, it will address to the interested enterprises or governments recommendations as to such reorganization as may be necessary. It may also on a temporary basis give its approval to the granting of subsidies by the interested governments.

Article 27. The high authority shall, in collaboration with the regional associations provided for in Article 20, develop forecasts designed to give guidance to enterprises in establishing their own production programs. The high authority may in exceptional circumstances give direct instructions to enterprises, so as either to avoid a dislocation of production or to assure the satisfaction of needs which appear larger than the total programs of the various enterprises.

Article 28. In collaboration with the regional associations mentioned in Article 20 or directly with the enterprises, the high authority shall draw up programs for the modernization, specialization, and expansion of productive capacity, designed to provide guidance to enterprises in establishing their own programs.

The high authority may make suggestions regarding the individual programs of enterprises or groups of enterprises and may make these suggestions public.

The governments of the member countries may participate in the financing of the investments included in the programs drawn up by the high authority.

The high authority may facilitate the carrying out of investments using the means provided under Article 23.

Text to be continued in subsequent telegram.

Sent Department 3082, repeated info London 864 eyes only Douglas, Frankfort 435 eyes only McCloy, Rome 236 eyes only Dunn, Brussels unnumbered eyes only Murphy, The Hague unnumbered eyes only Chapin.

BRUCE

850.33/6–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 24, 1950—midnight.

3083. Attention Perkins, inform Hoffman ECA. This is fifth in series transmitting translated text working paper containing draft of treaty implementing French proposal of May 9. See Embtel 3082.

(This message contains verbatim text.) *Begin continuation of text:*

Article 29. The high authority will encourage and facilitate technical research in connection with the production and utilization of coal and steel, and will establish appropriate contacts among existing organizations.

It will make all useful suggestions for the dissemination of information concerning technical improvements, specifically with regard to the exchange of patents and the granting of licenses.

Article 30. When the high authority recognizes that certain legal or administrative measures in one of the member states, particularly concerning the basis of assessment and the rate of taxes, the conditions of banking, the financial market, or the rates of transport, or that any other elements of the economic situation which could possibly be corrected through appropriate action are such as to jeopardize conditions of competition in the production of coal or steel, it will make the necessary recommendations to the government concerned.

In case the high authority should deem that these legal or administrative measures or those elements of the economic situation jeopardize competition by providing abnormal facilities for enterprises located within the territory of the state in question, the high authority will have the power to equalize conditions of competition by imposing a levy on the enterprises which benefit from these advantages. This levy may be maintained until such time as the high authority notes that the necessary corrective action has been introduced.

In case the high authority should deem, on the contrary, that such measures or such elements of the economic situation work to the detriment of enterprises located within the territory of the state in question, it may provide or authorize this state to provide temporary assistance to these enterprises; this assistance shall be limited to a period announced at the time it goes into effect. During this period the government concerned must take the corrective action which the circumstances require.

Article 31. In case of dumping by an enterprise situated outside its jurisdiction or in case of other practices condemned by the Habana

Charter[1] which might endanger the accomplishment of its mission, the high authority shall be empowered to take all useful measures compatible with its general purposes, and to make the necessary recommendations to the member governments.

Article 32. The high authority is empowered to make to the member governments such recommendations as it may deem useful to the accomplishment of its mission on the occasion of the negotiation by these governments of commercial agreements, to the extent that such agreements concern coal, steel, and equipment necessary for the production of coal and steel in the member countries.

Article 33. The high authority has the power to institute appropriate controls to insure respect for its decisions by enterprises, and to impose fines.

Text to be continued in subsequent telegram.

Sent Department 3083; repeated information London 865 eyes only Douglas, Frankfort 436 eyes only McCloy, Rome 237 eyes only Dunn; Brussels unnumbered eyes only Murphy, The Hague unnumbered eyes only Chapin.

BRUCE

[1] See the documentation on negotiations at Habana from November 1947 to February 1948, looking toward the establishment of an International Trade Organization (ITO), in *Foreign Relations*, 1948, vol. I, pp. 802 ff.

850.33/6–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 24, 1950—midnight.

3084. Attention Perkins, inform Hoffman ECA. This is sixth and last in series forwarding translation of text working paper containing French draft of treaty on Schuman Plan. See Embtel 3083.

(This message contains verbatim text.) *Begin continuation of text:*

Section III—General Provisions.

Article 34. The institution of the high authority in no way prejudices the status of ownership of the enterprises.

In the pursuit of its mission, the common high authority will take account of the international commitments of the different member states, including the obligations of every nature imposed on Germany as long as such obligations exist.

Article 35. The high authority will establish all useful contacts with the Council of Europe and will keep the latter regularly informed of its activities.

A representative of the United Nations to the high authority shall be given the responsibility of making twice a year a report to the United Nations on the functioning of the high authority, notably with respect to the safeguarding of its peaceful purposes.

Article 36. The agreements setting forth in detail the measures of implementation of the present treaty shall be negotiated in the presence of a mutually-designated arbiter. The responsibility of the arbiter shall be to insure that such agreements comply with the terms of the present treaty and, in case it should appear impossible to arrive at a mutually-agreed text, he will decide on the solution to be adopted.

Article 37. In case of violation by the states parties to the present treaty of the commitments which they assume thereunder, the high authority shall reach a decision taking note of the violation. It will decide the appropriate measures to safeguard the interest of the group. These decisions may be appealed under the procedure foreseen in Articles 7 and 8.

Article 38. Any European state may become party to the present treaty by forwarding the instrument of its adhesion to the government which is the depository of the treaty.

Article 39. The withdrawal by a state from the common organization shall be possible only if the other states parties to the treaty agree to accept this withdrawal and set the conditions thereof.

Article 40. Definitions—

The terms:

Coal

Steel

Territories of the member states will be defined at a later time.

However, it is already specified that iron ore, scrap iron, and pig iron are included in the expression "steel".

End text and series.

Sent Department 3084; repeated London 866, eyes only Douglas, Frankfort 437, eyes only McCloy, Rome 273, eyes only Dunn, Brussels unnumbered, eyes only Murphy, The Hague unnumbered, eyes only Chapin.

BRUCE

840.00R/6–2850 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, June 28, 1950—2 p. m.

3164. Inform ECA. Massigli [1] telephoned Monnet yesterday afternoon before Attlee had received his vote of confidence. He stated that the press release summarizing the French Working Paper had cut any last hope of British participation in the conference. The most difficult phrases for the British in Massigli's mind were those concerning the necessity to make a commitment on the surrender of sov-

[1] René Massigli, French Ambassador to the United Kingdom.

ereignty without limit in time and those permitting withdrawal only by agreement. Monnet seemed to accept Massigli's view. He commented that France now had to go on to the end but at least the British clearly understand that the French have acted without malice. Monnet concluded that, if the Schuman proposal reaches a successful conclusion, then a mutually satisfactory relationship can certainly be worked out with the British.

Sent Department 3164; repeated info London 895, Frankfort 447, Rome 242, Brussels 163, The Hague 100, Luxembourg 35.

BRUCE

850.33/6–2950 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY FRANKFORT, June 29, 1950—noon.

5595. For Acheson and Byroade. Talked yesterday with Blankenhorn,[1] at Chancellor's request, who reported on Paris negotiations and German reaction. He reported that Germans were impressed by Monnet's presentation [2] and that paper was discussed with Adenauer who had called in a number of German experts (presumably industrialists) and the general feeling was the fundamentals of the proposal were acceptable. He talked of possibility of reaching agreement by the end of July. He indicated there was trouble with the Dutch and that possibly Benelux would not go along but he said Germans would be prepared to go ahead with French and Italians if necessary. He said there was some concern in German circles that French contemplated too close planning to comport with German free enterprise ideas but this was only a first impression. All indications here are that Adenauer is throwing all his authority behind the plan stating to the industrialists that this has such tremendous political significance that they must conform. There are a number of rumors of undercurrent British activities in attempting to create doubts as to practicability or wisdom of plan.

Sent Department 5595; repeated information London 349; Paris 529.

MCCLOY

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[1] Herbert Blankenhorn, Secretary of the Christian Democratic Union Party.

[2] An oral presentation of the Plan before the Conference of Six, during the first 2 days of their meetings. In telegram 3047 of June 23, Bruce referred to it as "a brilliant extemporaneous presentation" that was well received by the other delegations. Bruce added that no summary or text was available because no record was being kept of the proceedings. (Telegram 3047 not printed, 850.33/6–2350)

850.33/7–850 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

TOP SECRET WASHINGTON, July 8, 1950—1 a. m.

Attn Officer in Charge.

1. Brit Emb informed us yesterday that Brit Amb, Paris, had assured Fr that although Brit cld not participate on basis present working papers they continued wish Schuman Plan success as Attlee stated in Commons. Official Brit position, we have been informed, is to do nothing to discourage participation other countries particularly Benelux and to withhold any alternative proposals at this time.

2. However, although we are not aware of any official lobbying on part of Brit to water down Plan or to dissuade others from joining, we are disturbed by possibility that recent remarks by important Brit officials, particularly Strachey speech,[2] coupled with Brit statement to Fr that cld not join on basis present proposals will cause Eur countries slacken their efforts reach agreement on treaty embodying essentials of Schuman concept.

3. Accordingly, you shld seek to counteract possible adverse effects of developments described above by making apparent to officials of govt to which you accredited very favorable US reception to bold approach Fr have outlined as basis for discussion and our hope that, even though Brit may not be able join, this fact will not prevent other countries from going forward with implementation in keeping with boldness of original conception. As you know, US attaches greatest importance Schuman principles as contribution Fr-Ger *rapprochement.*

4. ECA concurs.

ACHESON

[1] Sent to London, Paris, The Hague, Brussels, Rome, Luxembourg, and HICOG, Frankfort.

[2] Speech by Evelyn John Strachey, British Secretary of State for War, on July 1 at Colchester, in which he attributed the Schuman Plan to "great capitalist interests in Europe" and said "Labor had only to oppose this plot in order to defeat it." Telegraphic comment on this speech from Bruce and Douglas is in Department of State file 850.33/7–850.

850.33/7–1850 : Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

SECRET THE HAGUE, July 18, 1950—7 p. m.

92. Hunter [1] learned conference today that Netherlands cabinet instructed Spierenburg chief Netherlands delegates Schuman plan

[1] Clarence E. Hunter, Chief, ECA Mission in the Netherlands.

conference insist Council Ministers have authority by three-fourths majority to instruct supra-national authority on matters relating to defence in coal/steel field. Dutch believe NATO decisions affecting coal/steel production should be translated into action by supra-national authority on instructions of Council of Ministers. Dutch also consider Council Ministers and not supra-national authority should have final decision on matters relating wage scales. Other than these qualifications, Dutch certainly favor Schuman plan. In this discussion no mention made of British attitude or influence any direction.

High Netherlands official today told Embassy officer Dutch expect Schuman plan negotiations certainly succeed. Britain not expected join steel-coal authority except perhaps in associate capacity.

Sent Department 92, repeated information Paris 20, Brussels 9, London 16, Luxembourg 1, Frankfort 6, Rome unnumbered. Pass OSR ECA and ECA Missions.

CHAPIN

850.33/7–2550 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, July 25, 1950—3 a. m.

Fol are joint State–ECA instructions, supplementary to those in Depcirtel of June 2, 8 a. m. and Ecato circular 95,[2] which shld be followed by all US reps in Eur in handling Schuman proposals re coal and steel.

1. Except as otherwise instructed, all expressions official US views to negotiating govts on draft text of treaty shld take place through Paris and Frankfort on basis instructions from Dept and ECA/W.

2. Gen policy re expression US views is that US shld avoid expression opinions on minor issues, such as number of members on High Authority, relationship of Auditor to Auth or Assembly, etc. but shld make US position clear on matters we regard as fundamental.

3. Principal major issue which has thus far emerged in negots is procedure for appealing from politico-economic decisions of Auth. On this point US considers Dutch proposal for settlement by FonMins on basis natl govt votes wld tend nullify supra-national character of Auth, which US believes of key importance. US considers supra-national concept cld be better preserved by procedure along lines reported first para Section D, Article 8, of checklist transmitted to Perkins from Bruce whereby appeals wld be settled by common Assembly, or subcomite thereof, which wld represent peoples of

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[1] Sent to Paris, London, The Hague, Brussels, Luxembourg, Rome, and HICOG, Frankfort; all posts to pass to ECA Missions.

[2] Not printed.

participating nations rather than natl govts. For info missions other than Paris, this para reads as follows:

"On principle the best analysis seems to be this: The High Auth shld have the power to make decisions on their merits so long as it stays within the powers delegated to it by the Treaty. Ideally the decision shld probably be final so long as the Authority, on balance, retains the confidence of the Common Assembly. But if certain decisions are believed to have such serious consequences for an affected State that it must have a chance to air the question in some other forum, then the problem is really a political one, namely whether it is fair or wise to impose the hardship or burden on the affected State in the interest of the general European community. This is basically the kind of question which a parliament such as the Common Assembly is best fitted to resolve, by discussion and vote rather than by legal procedure; the choice shld be made by people who derive their authority directly or indirectly from the community and who are responsible to it."

4. In connection general question appeals procedure Paris shld ascertain what, specifically, would be "defense matters" on which Dutch would make Auth subject to instructions from FonMins, as reported Tel 92, July 18 from The Hague. Wld such matters be limited to NATO decisions? Believe question of handling defense matters requires further study.

5. Appreciate US reps in Paris, Frankfort and elsewhere will be discussing Schuman Plan informally with reps other govts. However, essential no US rep shld express opinions purporting be US views except on basis instructions from or clearance with Dept and ECA/W.

ACHESON

850.33/7–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

CONFIDENTIAL PARIS, July 31, 1950—4 p. m.

550. According to French officials Schuman and Bevin are expected to take advantage of The Hague meeting of Brussels pact Foreign Ministers to have informal talks on progress Schuman proposal. Our informant not clear as to purpose but expect that Bevin may again raise question of dropping sovereignty issue and of proceeding with Plowden proposal. According British sources Plowden proposal now goes very far in pooling coal and steel by treaty between nations. Question of surrendering sovereignty and continental federation would be left to some appropriate political forum. In order be certain that Schuman and Bevin would have common basis for discussion and also make clear that French were not going to drop principle of dele-

gating sovereignty, the following note was given by Clappier[1] to British delegates here:

"In order bring about the pooling of coal and steel, French proposal of May 9 provided a common high authority with a supranational character. The conversations which have been going on in Paris for a month now make it possible to get some idea of the institutional framework within which the French proposal of May 9 will take its definitive form.

It seems to be definitely agreed that the new institution will include 4 distinct bodies: a High Authority, a Court of Justice, a Council of Ministers, and a Common Assembly.

1. The High Authority will be invested by the treaty with a certain number of powers, specifically delimited, which it will exercise in a sovereign manner under the jurisdiction of the Court of Justice. The Authority will be composed of completely independent personalities, who will specifically maintain no connection with the states.

2. The Court of Justice will probably be a single arbitral court. It will provide the only means of appeal against the decisions of the High Authority. A general formula must be inserted in the treaty to permit the court to judge if the decisions of the High Authority are in conformity with a certain number of purposes and a certain number of equilibriums. The Court could only annul the decisions of the High Authority without in any case having the power to modify them. The latter would be the task of the High Authority itself.

3. The creation of a special Council of Ministers responds to a practical necessity. For the member states, in fusing their sovereignty with respect to coal and steel, do not fuse their sovereignty in other domains. Furthermore it is impossible to separate in an absolute manner the problems of coal and steel from other problems. It is thus indispensable to harmonize the action of the High Authority with that of the governments which are responsible for the general policies of the states. To this end mutual consultations are provided for on the one hand between the High Authority and the special Council of Ministers while on the other the Council of Ministers will probably be given the right to address recommendations to the High Authority in a certain number of precise cases, to the exclusion of any general formula. In all certain delegates have expressed the desire to place in the treaty certain attributions of the High Authority which would be extended to it only after a decision of the special Council of Ministers.

The Court of Justice would have jurisdiction not only over the appeals introduced by governments against the High Authority but also over appeals introduced by the High Authority against recommendations of the special Council of Ministers.

4. The creation of a Common Assembly before which the High Authority will be responsible, is in answer to the necessity of

[1] Bernard Clappier, Schuman's "Cabinet Director."

adapting the new institution to democratic and parliamentary principles. It is after all impossible to grant important powers to a High Authority composed of independent personalities without organizing their responsibilities. The Common Assembly should be formed of delegates from various national parliaments."

According to Monnet, this framework is still very tentative and subject to change during conference discussions. In particular, question of nature of appeals to Court of Justice is still definitely an open one. We understand that delegates at conference are still skirting issue of how to weigh representation in Common Assembly. Fact this issue unsettled makes consideration of increasing powers of Common Assembly very difficult. We also understand that French and Germans in separate conversations are still discussing informally the changes in institutional arrangements that would be required if other countries do not join.

Monnet has requested his staff to prepare survey of status of political and economic aspects of plan as background for Schuman's presentation at Strasbourg.[2] He hopes to have this ready this week and has asked that recent questions you have forwarded to us be postponed until this document is prepared. I have agreed. With reference to your Deptel 439 to Paris July 25 [3] it would appear that Schuman's speech at Strasbourg discussions would be most appropriate time for Secretary's proposed statement showing continued support of objectives of conference of 6. We will cable you subsequently on this matter.

Sent Department 550, repeated information London 162, Rome 62, Frankfort 81, Brussels 46, The Hague 41, Luxembourg 27.

BRUCE

[2] Reference here is to the Consultative Assembly of the Council of Europe, meeting at its permanent headquarters in Strasbourg.

[3] In telegram 439, not printed, Bruce was asked to propose a proper timing for a public statement by the Secretary of State on continuing U.S. support of the general principles of the Schuman Plan and satisfaction over progress of the negotiations (850.33/7–2550).

850.33/8–350 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, August 3, 1950—7 p. m.

631. For Bruce.

(1) Re Schuman plan, Dept and ECA have given considerable thought to Auth's role in defense matters (tel 92 July 18 from The

[1] Repeated to Frankfort, 932, for McCloy.

Hague and cirtel July 25 3 a. m.). Our prelim view is that it is probably necessary that broad decisions re defense measures affecting coal and steel industries must rest with member states rather than Auth. We foresee risk that if specific provisions adequately safeguarded are not provided for in treaty, member states may either seek inclusion of general escape clause which wld seriously impair Auth's powers or alternatively may later argue that necessary individual natl defense measures are implicitly exempted. Any broad and general exception, either explicit or implicit, cld be easily abused by natl govts to defeat purposes of Auth.

(2) Accordingly, Dept and ECA have attempted formulation of detailed provisions on defense matters based on fol principles:

(*a*) Member govts wld be empowered through proposed Consultative Comite to give directions to the Auth in the circumstances described below, provided such directions were genuinely for purpose of furthering the common defense of pool members and provided further that they were subscribed to by some stated majority of members.

(*b*) Auth wld be the administrative agency for the achievement of common defense objectives in reference to coal and steel wherever such objectives cld be achieved by exercise of Auth's existing power or wherever such objectives otherwise wld require action by member states inconsistent with treaty.

(*c*) Auth wld be provided with some safeguard against possibility its funds wld be entirely diverted to projects designated by member states as defense projects at expense other projects which Auth considered necessary.

(3) Formulation cld be incorporated in draft treaty in a separate art along fol lines:

(*a*) Each member state shall designate minister to serve as member of Consultative Comite. This Comite will meet with High Auth as frequently as may be necessary for discussion of (i) defense measures contemplated by natl govts which have direct bearing on work of High Auth; or (ii) defense measures which shld in interests of common defense of area be instituted by High Auth.

(*b*) By two-thirds majority of votes cast, Consultative Comite may direct Auth to develop and execute programs necessary to meet any of fol objectives required for defense: (i) achievement of minimum production capacities and production goals by products for specified locations or for area as whole; (ii) allocation to specified users of products in short supply; (iii) establishment of maximum prices; (iv) establishment of maximum limits on amounts of raw materials, electric power or manpower to be absorbed by coal and steel industries; and (v) limitation on exports for security purposes.

(*c*) High Auth may require that special expenditures necessary for execution of defense programs initiated under (*b*) (i) above shall be financed by govts of member states, to the extent that such expenditure wld not otherwise have been made by the Auth in carrying out the objectives with which it is charged.

(4) Background paper describing considerations on which this proposal based being airmailed as Doc WGS D–2/9 Rev 3, entitled "Modifications in the Auth's powers required by defense considerations".

(5) Foresee possibility this approach may be resisted by Ger because two-thirds vote provision cld result in NATO countries voting as bloc to carry out NATO decisions which wld then bind Ger. Furthermore we wonder whether introduction of common defense concept into current negots on Schuman Plan Treaty might lead to situation in which Gers wld insist upon prior settlement their role "common defense" matters and thus prejudice further progress on Treaty until settlement that issue.

(6) Note that participation of govts in Consultative Comite wld provide necessary link on defense matters between Authority and any centralized intergovernmental org which might be set up in Wes Eur to direct entire Wes European defense effort and wld not prejudice form which such centralized org might take.

(7) Request ur comments earliest on proposed approach. Particularly desire McCloy's comments on problems in para 5. Shld be no discussions foregoing with participating govts pending further instrs.

(8) Dept and ECA/W comments on draft arts Schuman plan attached to memo from Tomlinson to Bruce dated July 15 [2] being sent in separate tel.

ACHESON

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[2] Memo from John D. Tomlinson, Adviser, Office of United Nations Economic and Social Affairs, not printed.

850.33/8–2450 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY FRANKFORT, August 24, 1950—6 p. m.

1615. Reurtel Paris 631, repeated HICOG 932. Believe that introduction of common defense problem into Schuman Plan negotiations at this time might confuse and retard such negotiations without furthering development of common defense. It would at once raise broader questions for which Schuman Plan negotiations not good forum and which delegates are not qualified or authorized to discuss. Also might weaken support of plan by important sections of German political and public opinion until such time as German position in western Europe is clarified further.

When governments accept principle of integration of western European manpower and productive capacity for common defense, including West Germany, Schuman Plan organization will presumably

afford suitable framework for coordination of defense production within its field. Interim report of negotiators states that task of council is to "reconcile the supranational action of the high authority with the requirements of the various national policies" of the member countries. See telegram Paris to Department 808 of 15 August 1950.[1] Thus, as indicated reftel, Council would probably be suitable channel for coordinating common defense policies of member nations with activities of high authority.

Sent Department 1615, repeated information Paris 135.

McCloy

[1] Regarding translation of a memo forwarded by French officials to members of the French Delegation to the Consultative Assembly of the Council of Europe at Strasbourg; not printed (740.00/8–1550).

850.33/9–950

Memorandum by the Director of the Bureau of German Affairs (Byroade) to the Assistant Secretary of State for European Affairs (Perkins) and the Assistant Secretary of State for Economic Affairs (Thorp)

SECRET [Washington,] September 9, 1950.

It is clear that the Schuman Plan negotiations are reaching a critical stage just at the time of the Ministers' meeting [1] in New York. I understand that we have sent a series of telegrams [2] to the Embassy in Paris asking them to express our serious concern about a number of aspects of the current drafts. This concern arises principally from the introduction of various means of checking and cushioning too rapid adjustment to the conditions of competition in a single market and seems to reflect the views of industry and labor in France as well as these groups and the governments in Benelux.

In addition, the High Commission will shortly have to deal with a France-German coal agreement which includes provisions for single sales agencies in France and Germany and for long-term agreement on the portion of the French coal market which the Germans are to have.

In our view it would be a mistake to take action on these matters designed to bring the difference of view between us and the Europeans to a head without considering fully the impact of our action on the Secretary's negotiations in New York. Moreover, it may prove to be desirable to ask the Secretary to bring our views to the attention of

[1] Meeting of Schuman, Bevin, and Acheson scheduled to open September 12. For documentation on this September Foreign Ministers Meeting, see pp. 1108 ff.

[2] Telegrams 1169 and 1177 of September 7 and telegrams 1209 and 1210 of September 8, none printed (850.33/9–750 and /9–850).

M. Schuman in a personal conversation rather than to ask the Embassy in Paris to take any further action. I suggest, therefore, that we be extremely careful in the coming week to consider any action we may take with respect to the Schuman Plan in the light of the situation in New York and the possibility that the Secretary may be in a position to present our views in the most useful and effective way.

850.33/9–1250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, September 12, 1950—8 p. m.

Subject: Schuman proposals—defense aspects.

1296. Reference Deptel 631 August 3, Frankfort's 1615 August 24 to Department.

1. We have tried to interest Monnet on number of occasions in defense considerations which might be specifically taken into account in elaborating treaty on Schuman proposals, pointing out possible danger mentioned first part Department's reftel. He insists that it is not a real issue and that problem has not been seriously discussed in conference except that Dutch use it as an example of why the governments should play a role. He claims that neither the Dutch nor the other delegations have suggested the need of specific defense provisions or raised question of a general escape clause or any other impairment of necessary powers of high authority for defense reasons.

2. We concur entirely with view expressed HICOG's reftel that it would be unwise to inject it as an issue in the present negotiations or to suggest that any specific text should be inserted in the proposed treaty. Until it is clear how far the European countries are willing to go on unified defense and what role Germany is to play, the injection of this issue would do more harm than good. If question is seriously raised in conference, we would suggest, subject to your views, that principles outlined in Deptel 631 be given informally to conference delegates.

BRUCE

850.33/9–2150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

CONFIDENTIAL PARIS, September 21, 1950—6 p. m.

1494. Following is summary developments in Schuman proposal negotiations requested Deptel 1375.[1] Summary based chiefly on conver-

[1] Not printed.

sations with members French delegation and covers only major points under discussion. New interim report now being drafted setting forth conclusions reached since September 2 which may fill in some details not covered our conversations; copy will be obtained as soon as available.

Since reopening of negotiations, heads of delegations in daily meetings have reviewed all major questions including both those on which decisions reached by conference and working groups as noted in August 10 interim report, and those which conferees unable discuss before recess. During this preliminary review, *ad hoc* groups of experts constituted to elaborate agreed decisions and continue work on unresolved problems. This preliminary phase is now virtually completed.

Most significant fact noted since reopening of negotiations is marked stiffening in German delegation's attitude. Feeling their international positions strengthened by Korean events and talk of German rearmament, and acquiring outside of the Schuman proposal framework the desired increase in steel capacity limit, Germans now have stronger bargaining position and are trying to use it to retain national competitive advantage within single market. For this reason, they are arguing for (*a*) higher level of protection for the single market against third countries, based on the high German tariff rather than the low Benelux tariff; (*b*) no increase in German wages or labor expenditures (especially in coal mines); and (*c*) no raising of German coal price through payments to perequation fund for benefit high-cost Belgian coal industry. This change of attitude has shown up in almost all committee discussions and is causing serious concern to French and others. Monnet's view on this development in relation to Schuman's talks in NY cabled separately last week to Secretary.

Other delegates positions have not changed appreciably: Belgians still trying protect own coal industry to maximum extent possible, asking for special subsidies and indemnities; French still intent on immediate creation of single market.

Following are major decisions reached or reaffirmed by conference so far and questions on which work is now concentrated.

1. *Commercial policy.*

Conference has confirmed decision re immediate suppression all tariffs and quantitative restrictions on movement of coal and steel among territories of member states. French consider this decision basic from both economic and psychological point of view. It is however subject to a German reservation that if subsequent discussions seem to show that immediate suppression would necessitate what they consider to be too high a level of perequation payments, Germans may propose measures for realization of single market "stages".

Decision also reached on extension to all member countries of any preferential treatment re tariffs and QRs now extended to any member country by its own overseas territories. This decision would seem to give satisfaction to legitimate Italian demands.

Despite German position, conference reaffirmed principle of non-protectionist tariff for complex against third countries. Special working group constituted to draft convention fixing the minimum tariff (based on the Benelux tariff), the maximum tariffs of other countries, and the procedures for fixing and notifying tariffs between these two limits. This convention is to be ratified at same time as basic treaty. In answer to German demand that higher German tariff be used as minimum, it was decided that working group should examine necessary degree of protection for each product, basing itself on Benelux tariff.

Question of relationship with GATT referred to special working group of legal experts. There is an unresolved difference of opinion in this group as to whether to invoke Article 24 paragraph 4 or Article 25 of GATT. Believe French would appreciate informal communication of Department's views this subject.

2. *Perequation.*

Decision to create single market at a blow brings problem of perequation to the fore. Belgians (and to lesser extent French) coal is real issue, as conference has apparently decided in principle that there will be no perequation in steel industry except for Italians.

Issue as presently drawn refers less to principles of perequation than to its cost. Main disagreement is between Belgians who must find way of tiding their high-cost industry over until the effects of their modernization program are felt, and Germans who want to minimize or eliminate perequation payments to keep their price down, and have even threatened to raise whole question single market if prospective cost of perequation too high.

In order to provide better basis for discussion, experts are now drawing up balance sheet of economic and financial consequences of establishing the single market. Data have been collected already and are now being organized; when this paper is ready the situation should be somewhat clarified. It already seems clear that German position will mean at least: (*a*) substantial contribution to perequation by interested government and (*b*) strict time limit on duration of fund. Monnet now tending to consider a definite, irrevocable time limit to perequation fund as a basis principle as important to success of Schuman proposal as immediate creation of single market.

3. *Readaptation.*

Conference reaffirmed conclusion re readaptation fund contained draft Article 23 in annex III of interim report, subject to Belgian reservation that fund should pay indemnities to certain enterprises forced to close on account of creation single market. Belgian proposal rejected by others and Belgian delegate asked to re-examine his position. Dutch suggested that readaptation fund become permanent institution in order to protect workers against risk of technological unemployment; this proposal now under discussion.

4. *Investments.*

Draft Article 28 contained annex III of interim report reaffirmed. This is subject to a Dutch reservation concerning distinction between public and private financing, whose exact nature is not clear; in any case, French claim the difference is one of language and not of substance, and will be cleared up without modifying the principle.

5. *Prices.*

The broad lines of procedure contained in annex IV of interim report for fixing prices or price limits to get new system underway were confirmed, subject to further elaboration. Also decided that treaty must contain principles to guide high authority in exercising powers re permanent price policies; elaboration these principles apparently to be confided to a working group.

6. *Wages and labor problems.*

Conference approved conclusions reached in the August 10 report on wages and social questions (transmitted by memo) and specifically: The outlawing of competition based on exploitation of labor; the absence of direct intervention by the high authority in the fixing of wages; and the principle of an intervention by the high authority in case of artificial distortions in labor expenditures. The elaboration of measures in this sense has been entrusted to a special working group.

The same group has been instructed to find means to suppress for the coal and steel industries obstacles to the free movement of labor and discrimination in direct or indirect pay between domestic and foreign labor.

7. *Initial period.*

Still to be worked on is the question of the high authority's action during the initial period. Discussion will be based on annex IV of the interim report, which was not discussed before the recess. No decisions on this subject have yet been reached except as noted paragraph 5 above.

Aside from above, certain other questions have apparently been discussed by heads of delegations, notably; production programs; makeup and competence of regional associations; definition of coal and steel; and restrictive practices. We have not yet been able to obtain details on the results of these discussions but will report them as soon as we do.

Sent Department 1494, repeated information London 359, Brussels 72, Frankfort 169, Rome 118, The Hague 55, Luxembourg 40.

BRUCE

850.33/9–2950 : Telegram

The Acting Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort[1]

TOP SECRET WASHINGTON, September 29, 1950—7 p. m.

2464. Personal for McCloy from Byroade. During latter days NATO Conference[2] in N.Y. there was considerable side talk as to extent Gers had changed their attitude, particularly in Schuman Plan negots, since it had become public knowledge West was discussing Ger rearmament. At one time during a small mtg of the six For and Def Mins, Moch made this point emphatically. We had been inclined not to take these comments at face value.

In raising this matter with me during private conversation, Bech[3] (Luxembourg) said while there was merit on Ger side on some of matters that have arisen recently and that his Govt believed Ger position, rather than that of Fr, to be correct, nevertheless he was personally convinced present talk of rearming Ger was having its effect upon attitude of Gers as regards interest in and cooperation in Schuman Plan.

Reports from US (Bonn 165, Sept 24[4]) well as Fr sources now indicated Ger attitude less cooperative recently as they felt their position strengthened by apparent eagerness of Allies to sue for Ger mil support. In view great importance attitude of Gers during this period while Allies are attempting reach agreement on Ger participation in common defense, well as long-range importance successful outcome Schuman Plan, suggest you may wish point out to Adenauer this feeling that Ger cooperation has decreased exists generally among Western nations and that, in our view, talk drawing Ger into common

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[1] Repeated to Paris, 1632, personal for Bruce; London, 1688, personal for Holmes.

[2] For documentation on the fifth session of the NATO Council of Ministers meetings, September 15–18, see pp. 1 ff.

[3] Joseph Bech, Luxembourg Minister of Foreign Affairs.

[4] Scheduled for publication in volume IV.

defense scheme, far from lessening need for econ coop, makes more imperative rapid and satis conclusion of Schuman Plan negots to whose success we attach great importance.

Sent Frankfort, rptd Paris, Personal for Bruce, rptd London, Personal for Holmes. [Byroade.]

WEBB

850.33/10–250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

CONFIDENTIAL PRIORITY PARIS, October 2, 1950—noon.

Subject: Schuman proposal.

1687. ReDeptel 1619.[1] French have submitted improved version of memorandum contained Embtel 1611[2] and following cables to conference of six delegations prior to recess Friday. When conference reopens Wednesday, October 4, heads of delegations will be expected to present their comments on decisions summarized therein.

In conversations with French during past few days, we have commented on interim report and new memorandum on basis Deptels 1169, 1177, 1209, 1210 and 1448.[3] In so doing, we have stressed what we believe are major preoccupations of Department and ECA: Greater emphasis on price flexibility and competition, cartel dangers in regional group approach, excessive concern with absorbing shocks, specific time limit to perequation funds and danger that excessive caution during initial period will lead to compromising permanently basic principles of proposal. However, we are anxious to have any additional guidance you may wish to send before Wednesday deadline for Monnet's comments.

We have obtained copy of revised memorandum including annexes containing new articles subcommittee reports, which are in process translation. Tomlinson will bring them to Washington Thursday and be prepared at that time for any conversations Department and ECA may wish.

Re second paragraph reftel, you will have noted that memo transmitted Embtel 1611 and following dealt only with permanent economic and social features Schuman Plan. Measures outlined in Annex IV for initial phase of transition period and perequation problem are scheduled to be reviewed only after more definite understanding is reached on permanent policies and provisions and after completion

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[1] Not printed.
[2] Telegram 1611 and following cables from Paris not printed.
[3] None printed.

balance sheet to permit measurement of magnitude of transitional problems. This review should not be really under way until second half of October.

Annex IV is not French Government policy and not the official position of any delegation. We are concerned nevertheless because it does reflect the thinking of many technicians at the working committee level and some of the delegates individually. However, our ideas on major points are shared by Monnet and other leading delegates and issues are still to be thrashed out.

BRUCE

850.33/10–350 : Telegram

The Acting Secretary of State to the Embassy in France[1]

CONFIDENTIAL PRIORITY WASHINGTON, October 3, 1950—10 p. m.

1717. Fol are Dept and ECA comments on memo on Schuman Plan contained in Embtels 1610, 1630, 1634, 1646, 1647, 1649, 1652, 1653, 1664, and 1669.[2] Tel in two parts. First contains those pts which we consider most fundamental. Second contains additional pts on which we feel further clarification or modification desirable.

I. *Fundamental pts.*

A. Gen. Principal reactions Dept and ECA expressed earlier tels still hold in main. Three developments in particular which we consider disturbing are: (i) Whittling away of powers of High Auth in favor of Council of Ministers and to some extent High Court. We recognize estab of supra natl Auth functioning in ltd sphere of coal and steel industries raises problems of relation its actions to gen economic and polit policies of countries concerned. Our impression however that functions assigned Council of Mins are greater than wld be necessary meet this problem and impinge on areas in which high Auth shld have exclusive jurisdiction. (ii) Increased interference in price flexibility and price competition in market for coal and steel within six countries. While we have recognized that competition in coal and steel industries will inevitably be imperfect, present doc indicates increased tendency toward intervention by High Auth and, even worse, by agreements among producers on prices and production. We do not think justification of such intervention on grounds that it is necessary as countercyclical device is sufficient to warrant lengths to which this development has gone. (iii) Protection of single market against outside competition and increased concern with possibility of

[1] Repeated to USUN, New York, as 362; to London for ISG as 1750; and to USDel GATT, Torquay, as 26.

[2] None printed.

"anti-economic consequences of unruly competition" within complex. Commercial policy provisions, for first time, contain emphasis on need for exclusion imports in certain circumstances from countries outside single market.

B. Powers of High Auth. We consider various organizational provisions of new text substantially weaken supranatl character of High Auth and tend give too much power to Council of Mins and High Court. New provisions giving Council of Mins budgetary control over admin expenses of High Auth, while seemingly only a matter of admin rather than of principle, cld readily operate to place Auth under domination of Council. Provision apparently extends not only to overall approval of budget but to right to determine salary scales and nr of employees. If some review of overall size of budget, either prior to adoption or as part of annual report, is believed necessary, we consider Common Assembly more appropriate body than Council of Mins. In any case, we believe High Auth must have full power determine how admin budget is to be used, including, in particular, power of decision on nrs and types of employees required.

We also question desirability of requiring concurring opinion of Council of Mins in recommendations addressed to govts as indicated Embtel 1634 Para III–2. Since recent docs do not include texts Arts 20 and 26, it is difficult understand provision precisely but we wld oppose concept that Mins, particularly unanimously, need concur in recommendations to govts on matters within competence of Auth. Requirement that Council of Mins must concur in recommendations on wages and equalization of competitive conditions addressed by High Auth to govts cld make it virtually impossible for High Auth to operate in these fields since govt to which recommendation was to be addressed cld veto recommendation in Council of Mins. Our difficulty with this provision is compounded by fact that we have never been sure of exact nature of High Auth's powers to take measures insure "equalization of economic conditions" referred to in Embtel 1634, Para III–2.

We are also not clear what is meant by phrase "fix the terms of a common representation for the negotiation of a commercial treaty", referred to in same section i.e. whether it means Council wld select individuals either from membership of High Auth or otherwise, or whether it means power of Council wld extend as well to setting terms of reference for negotiation. In any case, we attach importance to principle that with respect to concessions asked or recd of outside countries re coal or steel, views of High Auth shld be determining.

Finally we believe that any commitment on part of High Auth under which they agree not to disturb level of income and employment or balance of payments equilibrium of member countries cld, to

extent it lacks qualification, effectively hamstring efforts of Auth in direction of creation single market. Estab of single market inevitably wld have some repercussions on balance of payments or employment in member countries, consequences of which must be accepted if principle of single market is to have meaning. Because of importance which we attach to broad interpretation of any such provisions in light of purposes of agreement, we are loath to see Court of Justice granted any powers in adjudicating situations involving balance of payment and full employment issues. We believe Court shld have no part in settlement of these disputes and wld prefer Common Assembly for this purpose.

C. Production and prices. Production and pricing sections place heavy emphasis on sensitivity of industries to fluctuations in economic activity and importance of measures to restrain these fluctuations or to shield industries from their effects. Despite attempt to include various safeguarding provisions, our impression is that production limitations and minimum prices would be normal means whereby Auth wld attempt to meet decline in demand for steel or coal. It was never our understanding that purpose Schuman Plan was primarily to assist industries to meet problems overproduction through restrictionist measures. Our strong preference would be for price and production controls, whether imposed by regional associations or by High Auth, to be limited to conditions of extreme shortage, when it might be necessary to resort to maximum prices and to compulsory scheduling of steel production. But we are not sure from here whether best approach is to take this position flatly with Schuman Plan negotiators or to take alternative position that there shld be included in treaty standards which wld limit freedom Auth to impose production limitations and minimum prices.

D. Readaptation fund. Concept of readaptation fund, as developed in new memo seems to call for permanent fund designed to ease burden of technological unemployment, rather than fund temporarily set up on declining basis to meet initial shocks directly associated with creation of single market. This change is indicative of excessive preoccupation with absorbing shocks of increased competition connected with single market regarding which we have previously expressed concern. This new concept of readaptation fund, which we assume is concession to Itals, creates important motivation for High Auth resisting technological innovation, since any such innovation creates risks of new demands on readaptation fund.

E. Short supply allocations. As indicated above we wld hope High Auth wld not have power to enforce compulsory production programs except perhaps in connection with extreme shortage resulting from rearmament problems. Moreover, we think principle is objectionable,

as set out in Embtel 1664 Para 14, that any shortages in single market wld first be met by reducing exports. We believe Schuman Plan countries shld recognize principle that even in periods of short supply, consuming countries are entitled to reasonable share of complex's production and that, in general, part of sacrifice shld be met by simultaneous restrictions within complex on civilian consumption coal and steel.

F. Restrictive business practices. We gather High Auth is charged with enforcing provision that there should be no agreements which restrain competition, yet may approve price fixing and production quota agreements. These exceptions seems to us to remove most of substance of general remarks against restrictive practices and we fail to see how such private agreements, with or without High Auth approval, can be consistent with Schuman Plan conception. Moreover, we see little in proposed powers of Auth which suggest it will really be able to make investigations and enforce findings against enterprises engaged in restrictive practices. For this and other reasons, direct access of Auth to records of individual enterprises and unequivocal commitment of govts to enforce Auth's decisions in this field seem essential.

II. *Other points.*

To extent you can do so without reducing effectiveness in presentation of major points above, you may make fol added points:

A. We still think treaty shld guard against possibility of "court packing" operation directed against High Auth (see Deptel 1209,[3] Para 1).

B. Provision that High Auth may dismiss a member by agreement of other members seems unfortunate. Might better meet difficulty this provision seems aimed at by limiting Auth's term of office to, say, five years, and providing procedure for trial and discharge based on malfeasance charges.

C. Had hoped dels wld find more imaginative and effective means whereby High Auth cld enforce its decisions than by simple repliance on executive arm respective govts. Is procedure whereby Auth goes into natl courts to enforce decisions against individual enterprises out of question?

D. Proposal that overseas territories of member countries extend to Schuman Plan countries any preferences now accorded to metropolitan area troubles us. Auth's existing tariff preferences are already recognized and sanctioned in GATT but preferences granted through export restrictions (including discriminatory pricing) and preferences granted in import restrictions (except those justified on balance of

[3] Not printed. See memorandum by Byroade, September 9, p. 747.

payments grounds) are in violation of GATT provisions. We suspect that, on investigation, most of the preferential export and import restrictions practiced by Fr North Africa in favor of metropolitan Fr wld be found inconsistent with GATT. We wld probably be unwilling to sanction any such illegal action by agreeing to its extension to other countries. We would however probably concur in the extension of any legal preferences such as the existing tariff preference between Fr Union members and in discrimination which resulted from elimination of quantitative restrictions by DOT's applicable to Schuman Plan countries.

E. Still unclear why High Auth shld use the regional assocs as apparently exclusive channels for encouraging development of research.

F. We gather that negotiators are still thinking in terms of natl, rather than internatl perequation funds. We assume we will be hearing more from you re these funds so that reiteration of our previously expressed view that such funds shld be internatl may possibly be premature at this time.

State has strong additional reservations on trend of negotiations re relations of complex to outside countries and re proposed approach on GATT waiver. These now under discussion with ECA. Joint comments will follow soonest.

WEBB

850.33/10–550 : Telegram

The Acting Secretary of State to the Embassy in France [1]

CONFIDENTIAL WASHINGTON, October 5, 1950—7 p. m.

1757. Fol are Dept and ECA comments on relations of Schuman Plan countries to outside countries, on which added comments promised in Deptel 1717, Oct 3. Points below shld be made in manner which recognizes primacy of US objectives re Schuman Plan of achieving supranational Auth and single market.

(1) No US Govt view yet exists on best means by which Schuman Plan countries cld obtain internatl acceptance of Plan embodying Schuman principles. Dept and ECA exploring all possible approaches. It seems clear to us that if plan is developed along lines Schuman principles, US Govt support for plan will not be meaningful unless it includes vigorous efforts to dissuade UK and possibly other countries who might decide to resist consummation plan by six countries.

(2) Whatever tactics US may adopt, however, it is already clear that provisions of Schuman Plan which directly affect interests of outside producing and consuming countries must be developed with

[1] Repeated to London as 1784 for ISG and to Torquay as 35 for USDel GATT.

utmost care. While US is committed to support a plan which incorporates original principles expressed by Schuman, no such commitment exists on part of UK and other countries. These countries may decide to resist consummation of a plan which US wld support, relying upon existing bilateral and multilateral commitments in conflict with plan as one means of exercising pressure. Accordingly, State and ECA believe that US objective shld be (*a*) to insure that provisions of plan are consistent with Schuman objectives as originally stated and (*b*) to insure that provisions which directly affect outside producer and consumer countries are reasonable and equitable. The achievement of these objectives wld serve the double purpose of contributing to achievement of plan which US cld accept and of denying other countries excuse for blocking plan.

(3) For above reasons, Dept and ECA believe Schuman Plan negotiators are strongly advised to avoid development provisions of protectionist character. For example, if minimum tariff provision adopted, minimum shld be set at or below present Benelux level. Reaction to specific quantitative restriction proposals still under study.

(4) By same token, Dept and ECA disturbed by drift in direction eliminating provisions to safeguard outside consumer countries, in contradiction of principle expressed in early Schuman declarations that such countries wld have access to production of complex on nondiscriminatory basis. For example, provision in Embtel 1664,[2] Para 15–*e*, now appears guarantee nondiscriminatory prices only within complex, not to outside markets, while Para F lays down standards for export prices which cld readily result in dual pricing and discrimination. In same vein, Auth's review of private restrictive agreements does not seem to include agreements relating to export activities of enterprises in complex.[3]

WEBB

[2] Not printed.

[3] The instructions to Bruce in this telegram 1757 and in telegram 1717 of October 3 were supplemented by telegram 2205 to Paris on October 26. This message, not printed, dealt further with six points already covered in the earlier telegrams and in addition expressed concern over the projected power of the Court of Justice to overrule a decision of the High Authority. (850.33/10–2650)

850.33/10–1350 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL LONDON, October 13, 1950—7 p. m.

2192. 1. Embassy agrees that if Britain should attempt prevent consummation Schuman Plan by six countries (last sentence paragraph 1 Deptel to Paris 1757, October 5 repeated London 1784, Torquay 35), every effort should be made to deter them from so doing. Embassy has previously reported official British statements endorsing Schuman initiative, including one by Attlee, and assurances given informally

by high British officials that no attempt will be made to sabotage French efforts. While recognizing likelihood that individual Britons, including Labor Party officials have informally discussed Schuman proposals with their continental colleagues, Embassy has received no tangible evidence of British efforts to "prevent consummation plan." In fact recent conversations with British officials indicated thinking now along lines of best means of UK association in some special relationship with Schuman complex.

2. In view strong assurances given by British that no attempt will be made to "sabotage" plan, Embassy convinced that it would be both fruitless and unwise to approach British in manner which would indicate we distrust their assurances.

Sent Department 2192 repeated info Paris 629, Torquay 36.

DOUGLAS

850.33/10–2550 : Telegram

The Chargé in France (Bohlen) to the Secretary of State

SECRET PRIORITY PARIS, October 25, 1950—4 p. m.

2232. Personal for the Secretary and Ambassador Bruce.

1. We can provide better estimate of date for signature of coal-steel proposal after initial French and American response to French October 24 proposal on creation European army [1] is known and after we have seen reaction of other delegations to articles proposed by French on cartel question sent to Department in Embtel 2225.[2]

2. Monnet intends to defend vigorously position on cartel question; however, French expect serious opposition and undoubtedly will be forced to negotiate out some of extreme language in present draft. This issue should come to a head for settlement within next three weeks.

3. Belgian coal industry is second major technical question. However, if it should be decided that efforts to pressure Belgians and Germans to bring price differentials on coal within reasonable possibility of perequation should not be permitted delay signature, matter could be quickly handled by special provision for Belgian coal.

4. The Germans have been dragging their feet since the injection of the German rearmament issue opened for certain key groups in Germany the possibility that they would quickly receive the advantages and equality offered by the Schuman Proposal without accepting the commitments and limitations which proposals in present form

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[1] Statement by Prime Minister René Pleven. See footnote 1, p. 402.

[2] Not printed.

would impose to all participants. Even if French had not tied their proposal on European army to Schuman talks, progress of talks would have been importantly affected by outcome of Defense Ministers meeting in New York on German rearmament. Schuman conference needs concrete evidence that US firmly supports dealing with Germany as an integral part of Europe.

(The following comments do not relate to acceptability or merits of French proposal but only to the effect its reception, particularly US, will have on Schuman Plan negotiation.) Accordingly, if US gives sympathetic support to general principles of French proposal on dealing with German rearmament, no matter what reservations US will want to make as to scope, timing, and details to be thrashed out later, talks on Schuman Plan would receive new impetus and conclusion could be expected within few weeks time. Conversely, if German rearmament questions should head to serious rift in French-American relations, or if Germans should interpret outcome of Defense Ministers' talks as boding well for them to insist on a strictly national approach, Schuman Plan would certainly be one of the important casualties.

Sent Department 2232, repeated info London 535 for Ambassador, Frankfort 242 for McCloy.

BOHLEN

850.33/12–850 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, December 8, 1950—11 p. m.

254. Schuman Plan negots reaching final stage, with most of text agreed on by Paris negotiators, but certain major issues still unresolved. On suggestion Emb Paris and OSR (Embtels 3092 and 3217 [2]) State and ECA summarizing US views on important unresolved issues. These views represent synthesis of various tels heretofore sent for info to posts receiving this tel. Primary purpose of this summary is for your guidance, in event question of US attitude toward plan shld come up. Summary represents no deviation from our policy that US is not participant in Schuman Plan negots, that success of Plan depends upon determination of member countries to live up to spirit of Schuman original declaration and that Paris shld remain normal channel through which US views given when appropriate to negotiators.

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[1] Sent to Paris for information, London for ISG, and U.S. Delegation at GATT Conference at Torquay, Frankfort, The Hague, Brussels, Luxembourg, and Rome.

[2] December 1 and 6, not printed.

1. *General.* Adherence to original Schuman principles, on whole, has been extremely close. Will on part of negotiators to overcome practical obstacles has been evident throughout. For these reasons, wld be particularly regrettable if plan impaired by unsatisfactory solution of remaining points below.

2. *Relative strength of Council of Ministers.* In developing details of Schuman Plan, negotiators have been confronted with problem of insuring that actions of High Auth are taken consistently with needs of six participating countries which fall outside area of coal and steel industry. This has inevitably resulted in delegation of prestige and powers to Council of Ministers along lines not contemplated in original Schuman Plan proposal. We regard this development as inevitable and, with respect to issues which bear directly on defense, altogether necessary. Nevertheless, we are somewhat concerned that in balance of power as reflected in present provisions of draft treaty, influence of Council of Ministers will prove too strong and will provide extensive possibilities for national bargaining based on autarchic considerations.

3. *Problem of Belg coal.* Suggestion that Belg coal production may be temporarily excluded from single market at beginning of plan and absence of any sched for eventual inclusion are cause of serious concern. We understand that this suggestion is based on view that inclusion of Belg coal in competition with rest of single market wld cause widespread closings of Belg coal mines and that a temporary subsidy adequate to cover cost differential between Belg and other coal industries in single market wld be so large as to be beyond the financial contributions from Ger and Dutch coal production. We are skeptical whether facts bear out this view and feel independent verification desirable. In any case, wld seem necessary to agree on system for Belg coal production which will involve pressures sufficient to force a correction of conditions which give rise to this problem, and a clear undertaking by Belg and other countries that Belg will become a full member within reasonable period time.

4. *Cartels.* Various proposals for dealing with cartels and restrictive agreements are before conference, ranging from version based on clear-cut principle that producer agreements shld not be used to interfere with competitive process to version based on approach whereby High Auth shld in effect permit such interference by enterprises in broad range of cases.

There are several basic difficulties with any approach which does not create strong presumption against any restrictive agreement. First, whatever may be theoretical defense for procedure whereby each arrangement is considered on its merits and "good" cartels are distin-

guished from bad ones, procedure of this kind has never worked when tried. Effect of such provision based on case-by-case evaluation wld be to retain cartel-like pattern of operations with real power in producer groups rather than in High Auth. Basic reason why High Auth cld not control restrictive agreements by screening process is that it is virtually impossible to determine in advance, on basis of text alone, what exact economic consequences of restrictive clauses of any contract will be. Further, it wld be difficult for High Auth to modify its judgment on an agreement once it was approved.

It is probable that solution found for this problem will be factor which will have greatest effect on public opinion particularly in US. There are two main trends of opinion in US on Schuman Plan. Dominant one at present is enthusiasm for plan based on political attractiveness. Other view, whose prevalence shld not be underrated, is skepticism as to whether project is anything more than an internatl cartel. So far, it has been possible to insist in good faith that general idea of plan is a single market characterized by competition, and that real auth lies in High Auth, assembly and court, and not in producer groups. If conference shld adopt weak provisions relating to cartels, we anticipate that latter view of plan as a whole will become much stronger. This is particularly important because period of most critical examination of plan by outside interests still lies ahead.

5. *Regional group of producers.* Same comments apply to suggestions for significant delegation of powers to regional groups of producers. Voluntary business and trade assocs will have legitimate and useful role to play, but treaty shld not make it mandatory for High Auth to use them as its agents. Underlying principle of Schuman Plan is transfer of sovereignty from natl auths to supranational auth which is required to act in interests of community by careful system of checks and balances. It wld be travesty of this concept for treaty to take powers away from natl govts and give them instead to producer groups, thus placing owners and directors of these basic industries outside effective control of any public body.

6. *Production and prices.* Ever since May 9 proposal, US has considered that emphasis in Schuman Plan on principle of "spontaneous" forces to increase productivity and lower costs in these industries requires that single market shld be generally characterized by significant degree of price competition and price flexibility. If broad powers given to High Auth to fix production quotas and maximum and minimum prices, real doubt wld exist whether High Auth cld reasonably be expected to institute a system which wld meet that definition. It may be necessary and desirable to provide power to High Auth to intervene in periods of great stress to protect the

consumer from exploitation. But we think it important that the granting of such powers be conditioned upon criteria sufficiently specific to make sure that they are not used to avoid those fluctuations that must inevitably be required to place cost-cutting pressures upon producers and to influence rational investment, and that are thus essential to achieve objectives of Schuman Plan.

Similarly we wld hope that in dealing with question of rules of price quotation, conference will be guided by importance of maintaining principle contained in original Fr proposal concerning nondiscrimination and access by buyers on equal terms to production of single market.

7. *Commercial policy relations with outside countries.* Provisions of treaty dealing with relations to outside countries, as they now stand, tend to give impression basic purpose which departs not only from original Schuman statement of purpose but also from our understanding of sincere purpose of present negotiators. All conference dels agree that real purpose is to create an essentially free trade, low tariff area constituting a broad common market, in which productivity will constantly increase, as result of which substantial exporting strength can be built up. Yet impression left by many arts of present text is autarchic and defensive. Stress is laid upon protectionist devices (i.e. protection of community from outside dumping, as well as from outside production in general which is not carried under same "rules of competition" as prevail in community, etc.) rather than upon willingness and even desire of community to meet outside competition.

What has apparently happened is that negotiators have become increasingly preoccupied with problem of how to maintain bargaining power of community during coming negots with certain countries not participating in plan if all essential bargaining counters were surrendered. Purpose is not to increase protection but to obtain negotiating position sufficient to force an equitable reduction in protection by others. Negotiators have indicated intention, which we hope will be effectively carried out, to re-cast language of treaty in order to make quite clear fact that community wld strive at all times to further aims of such multilateral organizations as OEEC, GATT, IMF and wld constantly seek to persuade countries outside community to move away from protectionism in exchange for further concessions by community along same line.

8. *Emphasis on flexibility.* Response of Amer people and large segments of Eur public to plan will depend to important extent upon whether terms are such as to convince them that, whereas rigidity and protectionism have been characteristic in past, treaty will create new set of common rules and conditions which will compel efficiency

and expansion. We do not expect an espousal of virtues of competition and free enterprise in abstract. We recognize member govts must be in position to state before their respective parliaments that purposes and means of action incorporated in treaty are consistent with economic policies of either liberalism or socialism, and with either private or public ownership. Nevertheless, throughout treaty, emphasis shld be placed on idea that new system is directed above all to bring change to present ossified structure, to contribute through these basic industries to creation of a dynamic, expanding economy.

ACHESON

850.33/12–1450

Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Secretary of State

TOP SECRET [WASHINGTON,] December 14, 1950.

Subject: Current Status of the Schuman Plan Negotiations

Background:

The negotiations on the Schuman Plan are close to completion. The two or three remaining issues, which include the scope of the Plan's provisions on cartels, and the problem of dealing with Belgium's high-cost coal mines, may possibly be resolved in the next two or three weeks. From present indications, the Plan will be acceptable on the whole to the United States and is likely to encounter little serious opposition of the United Kingdom. After the plan is initialed, the remaining hurdles will be the ratification of the plan by the parliaments of the six countries concerned, and the waiver of conflicting most-favored-nation rights by countries outside the Plan. Parliamentary ratification promises to be a very difficult step in Germany, where the leaders of the minority SPD party already have taken a strong stand against the Plan. Ratification also may prove difficult in Belgium and possibly even in France itself, where coal and steel producing interests are sure to make their opposition felt.

Up to now, Germany has been using the bargaining power, arising out of the French Government's desire to complete negotiations on the Plan, in three different connections.

First, Germany has been attempting to use the occasion to have the existing limitations on German steel production eliminated [1] and the Ruhr Authority abolished. We have just had word from Paris that Schuman and Monnet have assured the Germans that German steel

[1] For documentation on the limitation of German steel production, see pp. 611 ff., herein, and volume IV.

would have "equal status", and that the Ruhr Authority would "disappear without difficulty".

Second, Germany has been trying to use the Schuman Plan negotiations as a lever in her negotiations for full equality in the integrated NATO defense force. The French, who previously had attempted to condition their approval of German participation in the defense of the west upon German adherence to the Schuman Plan have abandoned this position. They have now informed the Germans that they will support full and equal participation for Germany in the European army, the creation of which will be discussed in Paris next month.

Finally, the Germans appear to be on the verge of demanding that they be relieved of the requirement to deconcentrate the Ruhr coal and steel industries, as a condition of joining the Plan. This position has not yet fully emerged, but it is becoming more prominent in comments from Frankfort and Paris.

Recommendation:

That, as the opportunity arises, in your discussions at Brussels,[2] you urge the earliest possible consummation of negotiations on the Plan.

Concurrences:

ITP, EUR, GER

[2] The sixth session of the North Atlantic Treaty Council of Ministers was scheduled to meet in Brussels on December 18 and 19.

850.33/12–2850

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

SECRET [WASHINGTON,] December 28, 1950.

Negotiations on the text of a treaty to implement the Schuman Plan are nearing completion. The heads of the delegations of the six countries have adjourned until January 8. According to the present schedule, which is undoubtedly optimistic, the heads of delegations should complete their work on the treaty text about January 15 enabling the Ministers of the six countries to meet during the latter half of January to decide various questions which the negotiators have left open, such as the number of people on the high authority and method of voting, and to initial the treaty.

The chief remaining obstacles to complete agreement by the negotiators appear to lie in the proposed cartel provisions of the treaty and in arrangements for the interim protection of the high-cost Bel-

gian coal mines. On the former point, the Germans apparently fear that the proposed provisions would prevent their steel industry, now in process of reorganization under the deconcentration statutes, from acquiring captive coal mines at some later date; the Germans also would like to continue their arrangements for a central sales organization for German coal, which might be outlawed by the cartel provisions. The arrangements for protection of high-cost Belgian coal may soon be agreed upon, although the solution seems to be taking a form at variance with the concept of a single market for coal among all the participants.

After the initialing of the treaty the remaining hurdles will be securing parliamentary ratification, which may prove difficult in Germany and France, and securing waivers from outside countries of their conflicting treaty rights.

As to the question of whether there is anything additional the U.S. should be doing in connection with the Schuman Plan, we are recanvassing the situation here in Washington. However, in view of Jack McCloy's and Dave Bruce's great interest in the situation, it seems unlikely they are leaving any stone unturned.

INTEREST OF THE UNITED STATES IN THE COUNCIL OF EUROPE

Editorial Note

The Council of Europe was formally established on May 5, 1949, at the initiative of the five Brussels Treaty powers acting on an initial proposal submitted to them by French Foreign Minister Robert Schuman. As first organized, the Council of Europe included the following member nations: The United Kingdom, France, Belgium, Denmark, the Irish Republic, Italy, Luxembourg, the Netherlands, Norway, and Sweden. The Council was composed of a Consultative Assembly, a Committee of Ministers, and a number of subsidiary bureaus and committees created by Assembly action. The Consultative Assembly was a deliberative body of representatives from the member countries, usually selected by their respective governments but not officially representing those governments. In practice, party representation within the Consultative Assembly delegations followed closely the proportionate strength of the parties in their respective national parliaments with the exception of Communist parties which were not represented. The Consultative Assembly made recommendations to the Committee of Ministers, which if approved unanimously by the Ministers were then submitted to the member governments as recommendations. These recommendations under the Council's Statute were

not binding on the member governments in any legal sense. It was assumed, however, that since most of the representatives in the Committee of Ministers were cabinet ministers of their respective governments, their recommendations would represent the views of their governments.

The Council of Europe was forbidden by its Statute from making decisions on defense matters. To avoid duplication with the activities of other European organizations, Article 23(*b*) provided, "In making decisions . . . the Committee shall have regard to the work of other European intergovernmental organizations to which some or all of the Members of the Council are parties." (The Council Statute is printed in full in Margaret Carlyle, editor, *Documents on International Affairs, 1949–1950*, issued under the auspices of the Royal Institute of International Affairs (London: Oxford University Press, 1953), pages 348–358.) This was interpreted primarily to exclude the Council from the field of operations claimed by the Organization for European Economic Cooperation (OEEC) and to avoid duplication of the International Labor Organization's (ILO) activities.

The Consultative Assembly of the Council met for its First Session in August 1949 in Strasbourg. The Committee of Ministers held its first meeting in Strasbourg and its second meeting at Paris in November 1949. At the time of the First Session of the Consultative Assembly, Secretary of State Acheson described the Council of Europe as one of the many "forces" working for Western unity (Department of State *Bulletin*, August 15, 1949, page 231). As interest in Western European regional political, military, and economic integration grew throughout 1950, so did the interest of the Department in the progress and potential of the Council of Europe.

740.00/2–250 : Despatch

The Chargé in the United Kingdom (Holmes) to the Department of State

CONFIDENTIAL LONDON, February 2, 1950.

No. 503

Subject: Embassy appraisal of Britain's position towards political integration of Europe.

In compliance with the instructions contained in the Department's circular telegram of December 1, 1949, 5 a. m., I have the honor to submit the attached appraisal [1] of the British attitude towards the political integration of Europe. A companion piece which examines

[1] Not printed.

the United Kingdom position on the European economic integration is in the process of completion and will be forwarded to the Department in a few days.

The present study was prepared by William C. Trimble in consultation with Messrs. Samuel D. Berger, James C. Sappington, 3d, Miss Margaret Joy Tibbets and, in particular, Miss Frances E. Willis [2] from whose previous reports a great portion of the material included was drawn. It has been reviewed and approved by me.

The principal conclusions reached on the basis of this study are as follows:

1) The British have never accepted the concept of a political integration involving any transfer of sovereignty to a central political authority and regard as Utopian proposals for a United States of Europe. We do not see any prospect of a change in this position.

2) To the British, Western European political unification means a close and effective collaboration among the existing sovereign states of Europe, with unity of action achieved through consultation and agreement on problems of common concern.

3) The British believe that unification even in this form can only come about gradually as the countries learn to work together.

4) We feel that substantial progress has been made during the past two years to develop intra-European cooperation in this sense. However, we also feel that the momentum has declined in recent months as result of a diminution in the pressures which occasioned the initial measures of cooperation.

5) The British are convinced that any additional measures taken with respect to European unification must be compatible with the United Kingdom's position in the Commonwealth and its special relationship to the United States.

6) The British regard the Council of Europe as being in the formative stage and believe that given proper guidance and realistic leadership, it may evolve into a durable European association whose ultimate form no one can now visualize.

7) The United Kingdom is not presently giving the Council the leadership necessary to hasten this evolutionary process, and we do not see much prospect of Britain resuming this role unless there is a recrudescence of the forces that first compelled her to take the initiative.

8) We feel that the outcome of the general election will not result in any important modification of Britain's basic attitude toward political integration.

9) "The British reluctance" to push ahead has led to much criticism, but it would be unrealistic to expect any alteration in the British approach which is determined by deep-seated qualities of the British character.

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[2] Trimble, Berger, Sappington, and Willis were First Secretaries and Consuls of Embassy in the United Kingdom; Tibbetts was Attaché at the Embassy.

10) In sum, we feel the British will continue to seek closer political cooperation among the nations of Western Europe but as each new proposal is advanced they will continue to ask "Will it work?".

J. C. HOLMES

740.00/3–150 : Telegram

The Secretary of State to the Embassy in Belgium[1]

SECRET WASHINGTON, March 1, 1950—7 p. m.

265. For Amb from Perkins.[2] Have requested Bohlen [3] communicate with you to get your evaluation present thinking and ideas of govt to which accredited re problem of Ger and into what org of Western Europe can Ger be integrated. Prefer info be based your knowledge and evaluation and that govts not be approached this matter this time. If however in evaluating info you feel necessary discuss with govt reps pls make clear you are doing so informally for your own info and not under instrs. Desirable Bohlen present this info at forthcoming mtg Douglas, Bruce, Dunn, Harriman, McCloy, Kirk with me [4] which will be another in series of mtgs this group and Ger to be discussed along with other questions. [Perkins.]

ACHESON

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[1] Message drafted by G. Hayden Raynor, Director of the Office of British Commonwealth and Northern European Affairs. Repeated to London for Chargé Holmes as 936, to Paris for Minister Bohlen as 869, to The Hague as 191, and to Stockholm as 130, adding the following in the messages to The Hague, Stockholm, and Brussels: "Realize it will be preferable you present views personally that mtg and am writing explanation why that not feasible" and also adding to Stockholm: "In your case we are not interested so much in Swed views per se as in your evaluation of gen Scandinavian views."

[2] George Perkins, Assistant Secretary of State for European Affairs.

[3] Charles E. Bohlen, Minister to France.

[4] Lewis W. Douglas, Ambassador to the United Kingdom; David K. Bruce, Ambassador to France; James C. Dunn, Ambassador to Italy; W. Averell Harriman, Special Representative in Europe for the Economic Cooperation Administration; John J. McCloy, United States High Commissioner for Germany; Alan G. Kirk, Ambassador to the Union of Soviet Socialist Republics. The "forthcoming mtg" referred to was the meeting of United States Ambassadors at Rome on March 22–24, 1950, during which the roles of both the Council of Europe and the Federal Republic of Germany in the quest for Western European unity were frequently and extensively discussed. For further documentation on this meeting see pp. 795 ff.

Editorial Note

In a letter of March 23, 1950, to Acting High Commissioner George P. Hays, Chancellor Konrad Adenauer requested assurances from the Western High Commissioners on three points: (1) the urgency of West German accession to the Council of Europe; (2) the effect of

Council membership on the settlement of the Saar question; and (3) the possibility of full membership of the German Federal Republic at the earliest possible time. Chancellor Adenauer explained that the assurances were required in connection with Bundestag consideration of the question of accession to the Council of Europe. The text of the Adenauer letter was transmitted to the Department of State in telegram 111, March 23, 1950: 740.00/3–2350.

740.00/3–2350: Telegram

The Acting United States High Commissioner in Germany (Hays) to the Secretary of State

SECRET BONN, March 23, 1950—9 p. m.

112. Further to Bonn's 109 to Department 23 March [1] and Bonn's 111 to Department this date [2] containing Adenauer letter, following is verbatim text of reply delivered to Adenauer this date. UK and French High Commissioners [3] delivered identical texts to Adenauer this date.

"Dear Mr. Chancellor: I have the honor to acknowledge the receipt of your letter of March 23, which has engaged our earnest attention.

In the Petersberg agreements [4] both sides expressed the desire that the Federal Republic should be promptly admitted to the Council of Europe as an associate member. The exchange of view which we had with you yesterday will have confirmed to you that our feelings in this matter have not changed and we remain convinced that such membership would also be in the best interests of Germany.

We also made clear to you that separate membership of the Saar in the Council would remain subject to confirmation at the time of the conclusions of a peace treaty.

With regard to your request for an assurance that the Federal Republic will, as soon as possible, become a full member of the Council and that in the interval a German observer should attend the Council of Ministers, these are questions which exceed our competence and it will be necessary to refer to our governments in order to ascertain whether and if so how far they can give practical support to your proposal.

We have also to refer to our governments that part of your letter which deals with procedure. We are forwarding to them at once the text of your letter.

I regret that it will not be possible to give you a reply by tomorrow, or indeed for a few days.

With kind regards, sincerely, George P. Hays, Acting US High Commissioner."

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[1] Not printed.

[2] Not printed, but see editorial note, *supra*.

[3] Gen. Sir Brian Robertson and André François-Poncet, respectively.

[4] For the text of the Petersberg Protocol signed at Bonn on November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

Sent Department 112, repeated Frankfort 126, Berlin 44, Paris 38, London 33.

HAYS

740.00/3–2350 : Telegram

The Secretary of State to the United States High Commissioner in Germany (McCloy)[1]

SECRET PRIORITY WASHINGTON, March 24, 1950—8 p. m.

20. Dept agrees text your letter Mar 23 to Adenauer re Fed Rep membership in Council of Eur (Bonn's tel 112 Mar 23, rptd Frankfort 126, London 33, Paris 38).[2]

Re para 4. Dept of opinion US Govt cannot and shld not give any assurances re full membership for Fed Rep in Council of Eur since US not a member that org. You may inform your colleagues, however, that we wld look with favor on any move by the Council to meet Ger desires in this regard at an appropriate time. Similarly while we wld favor do not believe US can express formal opinion re request for Ger observer at Comite of Mins. In gen it is of course desirable avoid situation where it appears Gers are setting conditions for their entry.

Re para 5. Again Dept believes US shld refrain so far as possible from entering into dispute on procedural points raised by Adenauer and Francois-Poncet since these are largely based on interpretations of Council of Eur Statute and earlier actions of Council bodies.

According to our interpretations of Statute Fr were not obligated to insist on requirement of written application and, if understanding correct, consider Fr have again raised complicating issue. However, we not of course experts on procedural aspects of Council and can only repeat how important we consider it to be that, if at all possible, Ger invitation be considered at Mar 30 meeting of Comite of Ministers.

ACHESON

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[1] Message sent to Frankfort as 2014 priority, to London as 1351, to Paris as 1314.

[2] *Supra.*

740.00/3–2950 : Telegram

The United States High Commissioner in Germany (McCloy) to the Secretary of State

CONFIDENTIAL PRIORITY BONN, March 29, 1950—5 p. m.

116. All evidence available here indicates that Bundestag will approve German associate membership in European Council even

if terms proposed by Adenauer to HICOM not met.[1] When press leak on last week's negotiations occurred, there was extensive grumbling among deputies that Adenauer had gone ahead without consulting Bundestag Foreign Affairs Committee or party faction leaders. This criticism was strong not only in SPD ranks but also in CDU, and was most severe in FDP circles.

Carl Pfleiderer, FDP member Bundestag Foreign Affairs Committee, stated yesterday, however, that his party will do nothing to oppose associate membership. CDU also will keep party discipline.

Carlo Schmid stated last night that SPD will adhere to policy indicated by Schumacher in Bundestag debate on Saar (reference cable 97, repeated Department 82 [2]). Schmid did not believe, however, that SPD negative vote would affect the outcome. He pointed out once more that SPD did not intend to refrain from participation in sending representatives once decision had been taken.

Press comment on Adenauer's proposal to HICOM has been conspicuous in its almost total absence. Apparently newspapers are afraid to publish anything which might prejudice the issue. This seems to indicate an awareness of widespread desire in Federal Republic to have Germany enjoy distinction of European Council membership.

Sent Frankfort 130, repeated Department 116.

McCloy

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[1] The issue of the Federal Republic of Germany's early participation in the international political, military, and economic organizations being created by the Western Powers at this time provoked sharp controversy. Addressing the House of Commons on March 28, 1950, in reply to some positive remarks on the topic by Winston Churchill, British Foreign Secretary Ernest Bevin urged "caution" in admitting Germany to membership in such organizations and specifically to the Council of Europe. (*Documents on International Affairs, 1949–1950*, pp. 314–315) Chancellor Adenauer voiced skepticism concerning the utility of an early Associate membership for the Federal Republic in the Consultative Assembly of the Council. In telegram 3179 from Bonn, dated April 17, 1950, High Commissioner McCloy informed the Secretary of State that Chancellor Adenauer had complained to him in the course of a lengthy conversation that "little progress has been made" toward meaningful European federation and that the "minor importance" of the Consultative Assembly of the Council of Europe "is now apparent." In reply, McCloy asserted "that the weight of 48 million Germans would make itself felt in the Council of Europe regardless" and "it is desirable to get as much popular support as possible in Germany for the Council of Europe and in my opinion at least inevitable that Germany must have an important role in any effective European federation." (740.00/4–1750) In telegram 18, dated March 31, 1950, Consul Dalferes in Strasbourg informed the Secretary of State that the Committee of Ministers of the Council of Europe had agreed to send "identic invitations" to join the Council as Associate Members to both the Federal Republic and the Saar (740.00/3–3150).

[2] Not printed.

740.00/4–150 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

PRIORITY BONN, April 1, 1950.

129. Following is text of letter transmitted by HICOM to Dr. Adenauer's office at 1630 hours 1 April, 1950.

"I am directed by the Committee of Ministers of the Council of Europe to make the following communication to the German Federal Government:

Article 5 of the Statute of the Council of Europe provides that, in special circumstances, a European country, which is deemed to be willing and able to fulfill the provisions of Article 3, may be invited by the Committee of Ministers to become an associate member of the Council of Europe. Having in mind the desirability of associating Germany with those European countries which are determined to preserve their democratic way of life, the Committee of Ministers hereby extends a formal invitation to the German Federal Republic to become an associate member of the Council of Europe.

In conveying this invitation, the Committee of Ministers desires me to draw the attention of the German Federal Government to the fact that it would be necessary, in accordance with Article 5 of the statute, for that government to deposit with myself an instrument accepting the statute. Such an instrument should state that the German Federal Republic is willing to accept the guiding principles and aims of the Council of Europe as set forth in the preamble to and in Article 3 of the statute; a copy of the statute is transmitted herewith.

I am further to state that the number of representatives on the Consultative Assembly to which Germany would be entitled would be 18 and the contribution to be paid by Germany would be 126,000,000 French francs for the present financial year.

I am, sir, your most obedient and humble servant, Secretary-General Council of Europe."

Sent Department 129; repeated Frankfort 143, Paris 43, London 39.

McCLOY

Editorial Note

On June 13, 1950, after considerable debate in the Bundestag, Chancellor Adenauer accepted Associate membership for the Federal Republic in the Council of Europe (*Documents on International Affairs*, 1949–1950, pp. 359–362).

740.00/6–1650 : Telegram

The Secretary of State to the Embassy in France [1]

RESTRICTED WASHINGTON, June 16, 1950—6 p. m.

2835. Dept wld like to have Koren [2] report the Aug mtg of Council of Europe in Strasbourg. We also think wld be very useful if Frances Willis Lond Emb cld go Strasbourg for as much of mtg as possible to assist in preparation of reports.[3] Dept desires fullest possible reporting since other agencies will depend on Dept for info and interpretive comment on Aug mtg which is arousing considerable interest here.

Views of Paris Emb requested re (1) Koren availability (2) necessary admin arrangements after coordinating with Andrews at Strasbourg.

Lond views requested re availability Willis.

ACHESON

[1] Message drafted by Douglas MacArthur, II of the Office of European Regional Affairs and cleared by the Office of British Commonwealth and Northern European Affairs and the Office of Western European Affairs. It was sent to London as 2935.

[2] William A. Koren, Second Secretary and Counselor of Embassy in France. Throughout the year, Koren observed and dispatched reports to the Department on various meetings of the Consultative Assembly, the Committee of Ministers, and various specialized subcommittees of the Council of Europe. In addition, Consul George D. Andrews at Strasbourg filed several reports concerning the activities of the several agencies and bureaus of the Council that were convened in the interim periods between meetings of the Council's chief deliberative and decision-making bodies. Finally, Bernard Gufler, Chief of the Foreign Relations Division of the Office of Political Affairs in Berlin, filed a long report on the August 1950 meeting of the Consultative Assembly of the Council of Europe in Strasbourg which he attended as an "informal observer" under instructions from the High Commissioner for Germany, John J. McCloy. These reports may be found in file 740.00.

[3] After an exchange of telegrams between the Department and the Embassy in the United Kingdom it was agreed that the press of work in London and the presence in Strasbourg of Consuls Koren and Andrews precluded the necessity of Miss Willis' attendance as an observer at the Consultative Assembly sessions (740.00/6–3050).

740.00/7–1050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, July 10, 1950—3 p. m.

181. At meeting Foreign Office this morning three West deputies Austrian treaty, Mallet [1] stated UK would appreciate views of US

[1] Sir William Mallet, United Kingdom Deputy for Austria at the Council of Foreign Ministers.

and French re admission Austria to Council of Europe since Gruber [2] had recently raised question in informal conversation Caccia.[3] Mallet said that he had discussed matter with Bevin some months ago when there appeared to be some possibility early settlement Austrian treaty. Latter had then taken position that it would be premature for Austria to apply for admission until treaty actually concluded. Subject had not been raised with Bevin since then. Present official level thinking Foreign Office is that question likely to become acute when Germany becomes member of Council of Europe.

Reber [4] said he would refer Mallet's request to Department. Since US is not member Council of Europe, matter is not one on which we are technically qualified to express views. We are, however, indirectly concerned because our interest in furnishing visible evidence Austria's alignment with West. At same time we must be careful to bear in mind possible Soviet reaction since we do not wish to furnish latter with additional pretext to delay treaty.[5]

Berthelot [6] expressed some doubts as to wisdom of such step at this time.

Sent Department 181, repeated information Vienna 8, Paris 59, Frankfort 31, Moscow 13.

DOUGLAS

[2] Karl Gruber, Austrian Foreign Minister.
[3] Sir Harold Caccia, British High Commissioner for Austria.
[4] Samuel Reber, United States Deputy for Austria at the Council of Foreign Ministers.
[5] A penciled notation on the Department's copy of this telegram reads: "Tel amounting to reply sent to London, Paris, Vienna, Frankfort, Moscow, Aug. 8, 1950." It was signed by Edmund C. Rowan of the Office of Western European Affairs. See telegram 702, August 8, to London, p. 781.
[6] Marcel Berthelot, French High Commissioner for Austria.

740.00/7–2050 : Telegram

The Secretary of State to the Embassy in Ireland [1]

SECRET WASHINGTON, July 28, 1950—2 p. m.

19. Re Embtel 21 July 20 (rptd Frankfort as 2),[2] Dept notes from London's report nr 373 of July 20 [2] that item on Mins mtg of Council of Eur pertains to problem of associating Ger in some matter with Comite of Mins rather than making Ger full member of Council of Eur. It is our understanding that Ger probably cld not become full

[1] Message drafted by Wayne G. Jackson of the Office of British Commonwealth and Northern European Affairs and cleared by Miriam Camp of the Office of European Regional Affairs and Elim O'Shaughnessy of the Office of Western European Affairs. It was repeated to HICOG Frankfort as 714, to London as 507.
[2] Not printed.

member until such time as conduct of fon relations is turned over to FedRep by HICOM. Meanwhile, however, there is nothing to prevent plan which wld allow Ger to have observer or other informal representation at all or some mtgs of Comite of Mins and its sub-comites. US of course favors eventual admission Ger as full member Council of Eur when such membership becomes technically possible. However, since US not member Council we have been most careful not to intervene or to try to influence its org or development. Dept wld not wish MacBride [3] to purport to express US views.

ACHESON

[3] Séan MacBride, President, Committee of Ministers, Council of Europe.

740.00/7–3150

The Consul at Strasbourg (Andrews) to the Department of State

CONFIDENTIAL AIR PRIORITY STRASBOURG, July 31, 1950.

No. 34

Subject: Impressions with Regard to the Council of Europe; Reporting Certain Recent Developments.

I have the honor to set forth a few impressions and to report certain developments concerning the Council of Europe.

British Obstructionism

So long as the British Labor Government maintains the attitude which it has had with respect to the Council of Europe for nearly a year, there seems to me to be little hope that the Council of Europe will be able to accomplish its avowed aim, namely, "To achieve a greater unity between its members for the purpose of safeguarding and realizing the ideals and principles which are their common heritage and facilitating their economic and social progress." The British Government seems loath to become involved on the continent and to be suspicious of the objectives of the Consultative Assembly. Perhaps this explains why it is to easy to obtain derogatory information about the Council of Europe from the various British Government officials and experts who visit here from time to time. Not only the Labor Party but also the Conservative Party, to a lesser degree, appears to be reluctant and skeptical. For example, as reported in my despatch No. 64, June 22, 1950,[1] Harold Macmillan, Conservative M.P., remarked to me that the proceedings of the General Affairs Committee [2]

[1] Not printed.

[2] General Affairs Committee, Consultative Assembly, Council of Europe.

were most "unreal". I gathered from the use of this adjective and from his attitude that he wanted to impress me with the futility, in the eyes of the Conservative Party, of the Assembly's "federalist" method of approach to European unity, as opposed to the British "functional" concept. When Mr. E. F. Given, Second Secretary of the British Embassy in Paris and Assistant to Mr. Ernest Davies, Parliamentary Undersecretary of State for Foreign Affairs, was here for the meeting of the Joint Committee,[3] he told a member of the Consulate's staff that he must be very careful with his brief case while in Strasbourg because of the nasty things that it contained about the Council of Europe.

Continuing Squabble Between Consultative Assembly and the OEEC

As the Department is aware, there has been for almost one year an understandable divergence of opinion between the Consultative Assembly, which is responsible to the respective parliaments, and the OEEC, which is responsible to its respective governments. It is quite true that OEEC is a body which accomplishes concrete measures while the Council of Europe, in its present embryonic stage, has been able to accomplish little or nothing of a concrete nature. However, unless this difficulty is solved by some means it will constitute a material impediment to the Council's limited aim of "facilitating their economic and social progress", i.e., of the member countries. The situation seems to be aggravated by the apparent enmity between Monsieur Paul Reynaud, Chairman of the Committee on Economic Affairs, and Monsieur Marjolin, Secretary General of the OEEC (reference my despatch No. 18, July 18, 1950).[4]

As reported to the Department by the Embassy in its telegram dated July 13, 1950, it was expected that the Economic Committee's report for consideration by the Assembly would severely criticize the Committee of Ministers' decision on relations between the Council of Europe and OEEC. Incidentally, the Secretariat informs me that the report of the Economic Committee has not yet been published.

The Schuman Plan

There would appear to be more favorable prospects of solving the Schuman Plan–Council of Europe problem than of settling the differences between the Assembly and OEEC. According to an informant believed to be reliable, at the suggestion of Schuman the latter had made an agreement with Spaak[5] to the effect that the Council of Europe must have supervision of any supra-national body which

[3] Joint Committee, Consultative Assembly, Council of Europe.
[4] Not printed.
[5] Paul-Henri Spaak, President of the Consultative Assembly, Council of Europe.

might be formed under the Schuman Plan. According to this agreement, the Assembly as a whole would have the right to discuss all matters pertaining to the Schuman Plan organization after its establishment; thus, the British would be allowed to air their differences in the Assembly and eventually to join in the Schuman Plan agreement. It was also agreed that the arbitrator provided for in the Schuman Plan would actually be the President of the Consultative Assembly. It was further understood that the Assembly would, in the final analysis, have to approve the recommendations of any supra-national body formed before they could be put into effect. When I pointed out that Spaak had said at the press conference held after the meeting of the Joint Committee on June 24 (despatch No. 67, June 26,[6] 1950) that it would be the death blow of the Council of Europe if any supra-national body outside the framework of the Council should assume responsibility for the functioning of the Schuman Plan, Levy replied that Spaak had made the statement purely for propaganda purposes, since he had already reached a basic agreement with the author of the plan for a steel-coal pool.

Likelihood of Approval by Assembly of Convention on Human Rights

Also hopeful is the prospect of the approval by the Assembly, at its forthcoming session, of the draft convention on human rights adopted by the high government officials at their meeting in Strasbourg in June (see my telegram No. 37, June 9 [7]). The main difficulty was the difference in national viewpoint between the British Government, which favored precise definitions of human rights, and the French Government which advocated broad definitions. However, a compromise was reached and a report was drawn up by the Committee of High Officials (Consulate's telegrams No. 40, June 13, and No. 43, June 19 [8]). Both the British High Officials and the Secretariat of the Council were optimistic concerning the approval of the report by the Committee of Ministers and subsequently by the Assembly.

Tendency of Certain Delegates to Clutter up the Proceedings With Superfluous, Overcomplicated, and Unfeasible Proposals

Some of the delegates are inclined to egoism and insist on presenting proposals for inclusion in the agenda that are either superfluous, or

[6] Not printed.

[7] The Department had evinced a steady interest throughout the first half of 1950 in the work of the Council of Europe's Committee of Experts on Human Rights. This Committee had issued a report on human rights at the close of its meeting at Strasbourg in mid-March and this report became the Council of Europe's Human Rights Convention by decision of the Council's Committee of Ministers in April. For further documentation, see telegram 1307 from Paris, March 21, 1950 (740.00/3–2150), and telegrams 1151 of March 16, 1951, and 2621 of June 7, 1950, to Paris (740.00/2–850 and 740.00/4–1350) in Department of State files.

[8] Not printed.

overcomplicated, or unfeasible. For example, Paul Reynaud[9] submitted proposals for the discussion of the Schuman Plan, the control of international cartels, the European Payments Union, and the future of OEEC. It had already been agreed that a discussion of the Schuman Plan would be proposed by the Committee of Ministers and the other three proposals were already covered by the report of the Committee on Economic Affairs, of which Reynaud is Chairman. (Consulate's despatch No. 3, July 6, 1950[10])

The following Irish proposals were received by the Secretariat:

(*a*) To study the feasibility of establishing amongst States Members of the Council of Europe agreements concerning double taxation.
(*b*) To study the feasibility of the production by the Council of Europe of a movie film devoted to the advancement of the ideal of European unity.
(*c*) To study the feasibility of the publication by the Council in the various languages of member States, of pamphlets devoted to the advancement of the ideal of European unity.
(*d*) To study the feasibility of instituting among member states a system of agreements relating to civil procedure.

The Joint Committee decided that proposals (*a*) and (*d*) were too complicated for discussion, while proposals (*b*) and (*c*) were obvious. Another Irish proposal was to the effect that the Amendment of Article 7 of the Bretton Woods Agreement should be discussed in the Assembly. The Joint Committee recommended that the Committee of Ministers study this proposal closely because of the doubt that it came within the scope of the Council of Europe. A Greek proposal has recently been received for a discussion of the possibility of establishing a European tobacco pool. I am informed that this suggestion will probably be allowed to die in sub-committee.

Unwieldy Structure of the Council of Europe

The Council of Europe is overburdened with administrative red tape, heavy procedural encumbrances, overlapping committees and sub-committees, names and titles, etc. Much of the time of the Consultative Assembly seems to be consumed with procedural and administrative matters, as can be seen from a perusal of the provisional agenda of the forthcoming session of the Assembly, outlined in my despatch No. 3, July 6, 1950. So far as I am aware, no move is afoot for simplifying these administrative and procedural complications.

George D. Andrews

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[9] Paul Reynaud, former Premier and Independent Republican member of the French Chamber of Deputies; delegate to the Consultative Assembly, Council of Europe.
[10] Not printed.

740.00/7–1050 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, August 8, 1950—6 p. m.

702. Embtel 181, July 10.[2] Dept notes and considers appropriate Council of Europe decision Aug 3 that admission Aust membership presently premature. We are not inclined however, attempt strongly influence Aust Govt action this matter since Aust must live with consequences membership and in best position weigh pros and cons results. Believe principal gains not material but rather psychological in direction unity with West which already secured by membership OEEC and well known to all. On other hand adverse consequences not in Western hands and so not calculable but conceivably cld outweigh benefits. Consider important that if and when Aust and Council shld deem membership advisable no move shld be taken unless sure consummation wld be prompt.

ACHESON

[1] Message drafted on August 4, 1950 by Edmund C. Rowan of the Office of Western European Affairs. In a covering memorandum dated August 7, 1950, and signed by Francis T. Williamson, Deputy Director of the Office of Western European Affairs; Theodore Achilles, Director of the Planning Staff, Bureau of European Affairs; and Homer Byington, Director of the Office of Western European Affairs, respectively, it was pointed out that "FM D B–6*a* of May 5, 1950 [not printed] states, ' . . . Austria should be encouraged to seek admission to the Council of Europe and take part in its various activities'. Since the foregoing [Embtel 181 from the United Kingdom, p. 775] makes no reference to timing and because at present the disadvantages of Austria's becoming an associate member of the Council may outweigh the advantages, it is recommended that the attached telegram [702] be sent." The message was sent to Paris as 711, to Vienna as 218, to Moscow as 106, to Frankfort as 1047. A copy of FM D B–6*a* may be found in CFM Files, Lot M–88, Box 149, FM D B–Series. Lot M–88 is a consolidated master collection of the records of the conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center.

[2] *Ante*, p. 775.

740.00/8–950 : Telegram

The Secretary of State to the Consulate at Strasbourg [1]

CONFIDENTIAL WASHINGTON, August 9, 1950—6 p. m.

4. Dept forwards fol info for guidance in possible discussions Andrews and Koren with secretariat and delegs to Council of Eur

[1] Message drafted by Herman H. Barger of the Commercial Policy Staff, and cleared by Raymond Vernon of the Commercial Policy Staff, Miriam Camp of the Bureau of European Affairs and, "in substance," by the Economic Cooperation Administration. It was repeated to Paris as 720, to London as 723, to Brussels as 181, to The Hague as 167, and to Rome as 562.

on subj proposed cartel control problem which is on agenda and for background info other missions:

1. Although encouraging from standpoint growing awareness of problem of restrictive business practices that Council considering action believe better to have any special mechanism to deal with restrictive business practices established within OEEC which already working on related problems, trade liberalization, etc., and where US can exert greater influence. A proposal along these lines has been suggested to ECA and is being considered by them. For urinfo it contemplates a body within OEEC which wld have power investigate restrictive business practices on complaint, findings of fact from which wld be turned over to participating countries. By this procedure danger of officially sanctioned restrictive agreements wld be minimized.

2. Registration and authorization of restrictive business contracts as suggested by Econ Comite is not sufficient for effective action against cartels and other restrictive agreements which interfere with Eur recovery. Attempt to set up distinction between "good" and "bad" cartels also places difficult burden on control staff to prove case against "bad" cartels. Difficult for outsiders to determine proper price or production policy in each case, especially on basis of registered contract only. Agreements among firms to fix prices, control output, etc., shld per se place burden proof on all firms or parties to agreement that understanding does not adversely affect competition. More suitable system is that envisaged in Chap 5 ITO which provides for complaint and investigation and wld be more apt achieve objectives sought in ITO Charter. It must be kept in mind contracts alone reveal nothing about way they are implemented. Only by complaint and investigation of actual operation cld manner in which restrictive agreements are operated be discovered. Furthermore, setting up of supra-national body as evidently envisaged by Council, without adequate national legis, wld be ineffective.

3. We believe Eur consumer interest and gen polit interest in Council in raising standard of living of people of Eur cld be better served by concentrating efforts to influence member nations to adopt adequate anti-cartel legis and by putting spotlight of publicity on restrictive business practices in order obtain objectives sought in Chap 5 ITO Charter.

4. Council of Eur can serve as useful forum to stress need for concept of expanded economy with practical application of econ progress to greatest nr, thus aiding to rebut Commie propaganda that West not interested in organizing econ reform and favoring monopolists.

5. Attn of delegates and secretariat might appropriately be brought to sections in *ECE Annual Survey of Eur for 1949* which points out

ill effects of restrictive business practices in Eur, especially section in Chap 4, and study of problem which ECE secretariat has been authorized to undertake.

6. If Consul has Feb 20 edition of *Current Econ Developments* on file, material contained therein on effects of restrictive business practices may be useful to you in discussions.

ACHESON

740.00/8–950 : Telegram

The Secretary of State to the Consulate at Strasbourg [1]

CONFIDENTIAL WASHINGTON, August 9, 1950—7 p. m.

5. Fol forwarded for guidance in any informal discussions Koren and Andrews may have with Secretariat and dels to Council of Europe, and for background info other missions.

1. Comments shld be of informal nature and not permit interpretation as crystallized US Govt views nor as undue interference in affairs of an exclusively European Org.

2. Since Council primarily useful as broadly based forum to promote and publicize Eur unity by discussions of wide range European problems, measures intended to achieve greater knowledge and understanding Council activities among public and national parliaments are generally to be favored, but we shld refrain from positive comment on such specific proposals this end as contained in Gen Affairs Comite report (Strasbourg Air Despatch 2, Jul 5, 1950 [2]).

3. While it is to be expected that Council will continue consideration general aspects Eur economic integration, OEEC is more effective organization for development specific projects requiring agreement and action by national govts. Interchange information and hearings OEEC experts before Council bodies, as presently provided for, is advantageous, but any proposal for organic relationship two organizations premature.

4. Possible Council action in field of cartel control is subject separate tel.[3] On basis our info Econ Comite recommendation on European companies very obscure and tend toward restrictionism. In any case, appears to be type of program which in accordance para 3 above OEEC better staffed to examine.

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[1] The message was jointly drafted by Hal Reynolds of the Office of European Regional Affairs and Miriam Camp of the Bureau of European Affairs. It was cleared by James Simsarian of the Office of United Nations Economic and Social Affairs and by Donald Cook of the Division of Exchange of Persons. It was repeated to London as 727, to Brussels as 182, to Rome as 565, to The Hague as 169.

[2] Not printed.

[3] Telegram 4 to the Consulate in Strasbourg, *supra*.

5. We assume there may be support within Council for some supervisory function over Schuman Plan high authority. This we wld not favor but especial care shld be taken avoid any comment which cld be taken as official expression US views Schuman Plan beyond gen support broad polit and econ objectives.

6. See no objection Council hold "general debates on polit problems of a non-mil character which are linked with necessity ensuring security of Europe" (Strasbourg Air Despatch 2, page 3 bottom) providing detailed consideration defense matters and econ implications remain securely within NAT and OEEC.

7. Tentative thinking here is that certain programs in Social and Cultural fields such as multilateral extension social security benefits and student exchanges particularly suitable for Council action. Preferable that you not comment on Human Rights Convention.

ACHESON

740.00/8–1150 : Telegram

The Consul at Strasbourg (Andrews) to the Secretary of State [1]

CONFIDENTIAL NIACT STRASBOURG, August 11, 1950—3 p. m.

28. Koren and I appreciate guidance Deptel 5 [2] and will continue keep conversations with Council of Europe Secretariat officials and delegations on informal basis, avoiding any suggestion we are spokesmen fixed US policy.

In light general tone of reference telegram and certain specific instructions contained therein, however, we would welcome further elaboration Department's thinking. Frankly we fear that even most guarded presentation views so far outlined would give members of Strasbourg Assembly impression US considers their institution should be little more than debating society, or at best that Council's main job is in social and cultural spheres. So far we have carefully taken no sides on issues dividing Assembly; since it would come as particular shock if we were to air even "personal" views that delegations should regard as taboo subject on which both they and we are aware that real power of decision does not now rest with Strasbourg Assembly. Unless Department feels strongly that Assembly fulfills its role by discussing problems without going on to make as positive and concrete proposals as its members are ready to sponsor, we would consider it more appropriate comment of specific proposals before Assembly, e.g. European companies, than on questions of scope Council's responsibilities.

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[1] Message was read in the Department by Hal Reynolds of the Office of European Regional Affairs.

[2] *Supra.*

As Department is aware, whatever sentiment there may be in Europe for political unity and establishment supra-national political authority finds in Council of Europe its only official institutional outlet for expression. It has been our understanding that US, while interested in promoting certain policies of economic unity, largely through OEEC action, took a strictly hands-off attitude toward methods by which Europeans achieved greater political unity. The question of method is again being fought out at Strasbourg, first on issues relating to institutional relationships of Ministries and Assembly within Council and second on policy questions debated by Assembly. We assume we can take reference telegram's silence on first to indicate continuation past US attitude, not conviction that Council should forget problem of political unity.

On second, reference telegram correctly anticipates that there is support within council for latter to have role in relation Schuman Plan high authority, specifically that Strasbourg Assembly should be the common Assembly under discussion at Paris. We feel in need some knowledge Department's reasoning if we are to present even in informal and personal manner Department's tentative conclusion rejecting such a relationship.

In this connection, would point out that French Foreign Office official went out of his way after Schuman's speech to Strasbourg Assembly to declare to US that: (1) Foreign Minister was not merely expounding plan, but definitely asking for Assembly's views, and (2) Schuman himself did favor having Strasbourg Assembly become body to which high authority ultimately responsible (Contel 24, August 8, Paris 12 [3].)

Would appreciate particularly learning whether Embassy Paris has corroborating evidence as to French thinking, whether it has given any expression Department's views as contained paragraph 5 reference telegram, and reaction French and other delegations.

Assembly debate on Schuman Plan scheduled begin August 14.

Reference telegram paragraph 6. Churchill proposed following resolution this morning as motion for immediate adoption by Assembly: "The Assembly, in order express its devotion to maintenance of peace and its resolve sustain action SC of UN in defence peaceful peoples against aggression, calls for the immediate creation of European army subject unified European democratic control and acting in full cooperation with the US and Canada."

British Conservatives state that they able force vote on motion today and will do so if it takes all night. They are somewhat apprehensive about German vote.

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[3] Not printed.

Sent niact Department 28, repeated information priority Paris 16, priority London unnumbered, priority Brussels unnumbered, priority Rome unnumbered, priority The Hague unnumbered.

ANDREWS

740.00/8–1150 : Telegram

The Secretary of State to the Consulate at Strasbourg [1]

CONFIDENTIAL WASHINGTON, August 14, 1950—7 p. m.

6. Views expressed in Deptel 5 were to give for your info and as background in informal conversations tentative views Dept on certain specific items known to be on agenda Council of Eur. They were not intended as instrs to you to raise with European delegs.

Although we wld obviously welcome development of Council of Europe into org which could effectively deal with specifics of furthering Eur unity, we do not feel that on evidence to date it has shown itself as effective as OEEC in dealing with concrete problems in economic field and wld therefore not favor having rivalry between two orgs result in action by Council of Europe in economic field which wld conflict with genuine progress being made in Paris.

As indicated para 2 Deptel, we believe unique contribution Council of Eur is as exclusively European forum in which public sentiment for greater unity can find expression and in which proposals which govts not yet prepared to adopt can be put forward by individuals and freely and fully discussed. In this way, Council can act as valuable catalyst and stimulant in economic and political as well as social and cultural fields. Reason for specific reference to latter in last para Deptel was that we felt less specific work so far undertaken by other orgs in this field left more room for direct action by Council of Europe.

Re Schuman Plan, we wld welcome comments Paris Emb but we have not understood from course of conversations of Six that is any official sentiment for using Council of Eur as common assembly envisaged by plan. Under Fr concept, common assembly is composed only of reps of countries which are signatories of treaty. Given tentative powers agreed upon for common assembly we believe limitation necessary. As indicated Deptel, unless instructed otherwise on basis of developments, we wish US reps at Strasbourg avoid any except most general comments on Schuman Plan. Wld appreciate full reports Schuman Plan debates and if specific comment even on personal and informal basis seems required will instruct you accordingly.

ACHESON

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[1] The message was drafted by Miriam Camp of the Bureau of European Affairs and was cleared by John M. Leddy of the Office of International Trade Policy and with the Economic Cooperation Administration. It was repeated to Paris as 781, to The Hague as 196, to London as 818, to Brussels as 198, to Rome as 633.

640.521/10–1050 : Telegram

The Chargé in France (Bohlen) to the Secretary of State

CONFIDENTIAL PARIS, October 10, 1950—6 p. m.

1900. FonOff surprised to find press reports correct that in speech at Bremen October 8, Francois-Poncet had declared it desirable that Spain enter Council of Europe. Does not yet have text of speech so unable say whether he mentioned any conditions, but in any case declares High Commissioner was expressing only personal opinion in matter, in no way spokesman for government on Spanish policy.[1]

Sent Department 1900; repeated info Madrid 32, Frankfort 211, pouched Strasbourg.

BOHLEN

[1] In telegram 1904 to the Embassy in France dated October 12, 1950, the Department asked for copies of Francois-Poncet's remarks "re desirability Spain membership Council of Europe." The Embassy in France responded in despatch 1150 of November 10, 1950, enclosing Francois-Poncet's speech with the added comment that "As the Department will at once recognize, the mention of Spain is so incidental that reference to Franco Spain is by no means certain." The Embassy further noted that "an informal note from a [French] Foreign Office official enclosing the relevant excerpts from the French text of Francois-Poncet's speech points out that he was not speaking even as French High Commissioner" and that he had opened his speech with the disclaimer "that he was speaking in any official capacity." (740.00/10–1250 and 740.00/11–1050)

Nonetheless, there was an attempt made during the November 18–24, 1950, session of the Consultative Assembly of the Council of Europe to propose a resolution supporting the entry of Spain into the Council. This initiative was under the direction of the French Liberal Republican Delegate, André Mutter. However, according to Consul in Strasbourg George D. Andrews (despatch 211, December 1, 1950) so little support developed for such a proposal that the informal Spanish observers at the Assembly Session urged its sponsors to abandon it, which was done (740.00/12–150).

740.00/12–150

The Consul at Strasbourg (Andrews) to the Department of State

SECRET PRIORITY STRASBOURG, December 1, 1950.

No. 208

Subject: The Accomplishments and the Present and Future Role of the Council of Europe

A review of the 1950 sessions of the Consultative Assembly, from August 7 to August 28 and from November 18 to November 24, reveals that the Council of Europe has made real progress and gives a fairly clear idea of what we may expect of this organization next year.

The Role of the Consultative Assembly as a Serious and Influential Form of Parliamentary Opinion

One of the constant criticisms of the Council of Europe, voiced not only in Europe but also in the United States, has been that it is only a "debating society", with no real powers of action, no will to action,

and little serious purpose.[1] Assuming first that the Assembly is only a debating society, one must admit that it has clearly demonstrated its right to existence in the sessions of this year by the seriousness and high quality of the debates held both in August and November, in which such important matters have been discussed as the imminent menace of Soviet Russia, European defense, European federation, the Schuman Plan, Franco-German *rapprochement*, the part to be played by Germany in a Europe united in spirit if not politically, a Convention of Human Rights, the European refugee problem, a European Code of Social Security, full employment, and conventions on culture and education. These debates have been carried out in a spirit of frankness and without undue bitterness by the representatives of fifteen countries which are divergent historically, ethnically, linguistically and politically, and whether they agree or disagree, the Delegates, for the most part, keep in mind the essential goal, which is friendship and cooperation among the Western European countries. This in itself is an accomplishment of merit, whether or not the Council of Europe has made much progress toward the organic union of Europe. It is unreasonable to demand, as a large sector of not only European but also of American opinion seems to demand, that a United States of Europe be created over night and in fact it is most doubtful if such a complete federation will be brought about for many years to come, if ever. Statements made on November 22 in the Assembly by Monsieur Edouard Bonnefous [2] on this subject are worth noting; they are quoted in translation as they appear in Secretariat Document AS (2) CR 24—Summary Report: "The countries which had adopted a federal statute, whether Switzerland or the United States, had not succeeded at the first attempt, nor had they achieved a firm union with rapid strides. These historic precedents must not be forgotten. In the case of the United States, how many difficulties had to be overcome, by men who spoke the same language and cherished the same ideals, before complete collaboration was achieved! Switzerland, the perfect example of a successful federation, had taken more than five and a half centuries to establish its union—and had only succeeded after many struggles. Can people expect that this unhappy Europe, torn

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[1] In telegram 279 to the Secretary of State on November 8, 1950, the U.S. High Commissioner for Germany (McCloy) reported that Herbert Blankenhorn, Chief Secretary to Chancellor Adenauer and the Federal Republic of Germany's representative on the Committee of Ministers of the Council of Europe, had characterized the recent meeting of the Committee in Rome as "awful," lacking "any sense of reality," and seeming "more like a 19th century diplomatic ceremonial than present day meeting of statesmen to decide on vital European problems." (740.00/11–850)

[2] Edouard Bonnefous, President of the Foreign Affairs Commission of the French National Assembly and Delegate to the Consultative Assembly, Council of Europe.

by age-old conflicts, would not have to struggle before attaining true unity?"

The American critics of the "do-nothing" Council of Europe should bear in mind that if it should ever come down to the actual decision, the people and the Congress of the United States would be most reluctant to surrender any bit of sovereignty by entering into any actual federation of states, with a common parliament and a federal cabinet.

The Assembly as an Initiator of Important International Projects and as an Incentive to Government Action

But the Assembly is something more than a debating society: it is a responsible forum of European parliamentary opinion which has demonstrated that it can and does influence Governments. It is quite possible, although I have no means of judging this, that the passage by the Assembly on August 11th of the Churchill motion for the creation of a European army served as an impetus to the original decision in September of some of the governments comprising the North Atlantic Treaty Organization to establish an Atlantic Army. In any case, Count Carlo Sforza, Chairman of the Committee of Ministers, made this statement to the Consultative Assembly on November 18: "It is no exaggeration to say that your debate and resolutions (i.e., in August) contributed very forceably to the reaction of the European will for collective defense against all aggression. You were, therefore, the instigators of the discussions now taking place in the councils of the Atlantic Pact and the various European capitals." On November 24 Mr. Federspiel, Danish Conservative Delegate, said that in his opinion the members of the Assembly might pride themselves that the August 11 recommendation had led to subsequent action by the governments of the Atlantic countries.

It was admitted in the following words (translation) by Monsieur Robert Schuman in his speech before the Assembly on November 24 that the Assembly had been the originator of the Pleven Plan for the establishment of a European Army: " . . .[3] you who by the vote you took here have testified to the support of the basic ideas of our plan, nay more, who are its originators. This plan is essentially the one which you recommended and is the subject of a motion just laid before you by your Committee on General Affairs."

Certain suggestions of the Assembly have resulted in action and others show promise of adoption by the Committee of Ministers. As stated by Mr. Robert Boothby, British Conservative, on November 22, the Assembly had asked for a convention of Human Rights, and on

[3] Omission indicated in the source text.

November 4 a Convention of Human Rights had been signed by the Foreign Ministers;[4] it had asked for the admission of Western Germany to the Assembly, and a German Delegation had been sent to Strasbourg; it had asked for the creation of a European army, "and at New York the decision was taken the other day to bring such an army into being";[5] and the Assembly had passed a resolution about full employment, and the Committee of Ministers had requested the governments concerned to supply the information required to implement it by February 1, 1951. I may add that in Rome the Committee of Ministers approved the principle underlying the Assembly's recommendation relating to a Code of European Social Security (reference the Consulate's despatch of September 6, 1950 and No. 73, August 24, 1950, with which Document AS (2) 81 was transmitted[6]) and that in discussing the Assembly's recommendations for the establishment of a European Refugee Office, the Committee also recognized the extreme urgency of the problem and the need for the Council of Europe to take immediate cognizance of it and to consider what steps were necessary to deal with it.

As a possible means of influencing the various governments, the Motion for the presentation of Assembly Recommendations and Resolutions by Assembly delegates before their national parliaments (Document AS (2) 78 forwarded with despatch No. 70, August 21, 1950[6]) seems to offer distinct possibilities, although Lord Layton[7] in a speech before the Assembly on November 23 said that the debates in the various parliaments had not been so good as they should have been. Layton remarked, however, that the technique was all right and that the Delegates to the Assembly must go on with this method of submitting resolutions and recommendations to their Parliaments.

Decision that the Council of Europe Must Proceed Along Functional Rather than Federalist Lines

Before the convening of the November session it was feared by a large number of observers that the federalists in the Assembly might

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[4] Reference is to the "Convention For the Protection of Human Rights and Fundamental Freedoms" agreed to by the representatives of the member nations of the Council of Europe on November 4, 1950. The Convention is published in full in *Documents on International Affairs, 1949–1950*, pp. 363–377.

[5] Reference is presumably to the series of meetings of the NATO Foreign Ministers and the NATO Defense Ministers in New York in September 1950. For further documentation, see pp. 1 ff. and the section on the Foreign Ministers meetings, pp. 795 ff.

[6] Not printed.

[7] Walter Thomas (Lord) Layton, British Economist, Vice President, Consultative Assembly, Council of Europe.

succeed in forcing regional federation (for example, a federation among France, Germany, and Italy, with the idea of having the Benelux countries join in later). It was evident that such a development would have only a harmful result, since it would mean the break-up of the Council of Europe and, more important, a dividing of Western Europe into two antagonistic camps: France, Germany and Italy as the nucleus, joined by various other countries, on the one side, and Great Britain, Ireland, Iceland and the Scandinavian countries, with the addition perhaps of one or two more countries, on the other side. That this did not come about was due in general to the realization by most of the delegates that there could be no true unified Western Europe without Great Britain and the Scandinavian countries, and in particular to the stand taken in the debates by all the French Delegates, with the exception of the extreme federalists among the Socialists, such as André Philip and Gérard Jaquet, as well as to the moderate and conciliatory attitude of the British delegation, including the Laborites. Even the strong federalists, Paul Reynaud and Georges Bidault,[8] although expressing their sympathies for the cause of federation, seemed to realize that the Council of Europe would be wrecked if Great Britain and the Scandinavian countries should be forced out.

The proceedings from November 18 to November 24 clearly proved that the federalists had lost much ground and that in future the functional approach would govern the activities of the Council of Europe. Those delegates who were at heart federalists took refuge in the fact that at Rome the Committee of Ministers had expressed general agreement with the Recommendations of the Assembly for the institution of Specialized Authorities within the framework of the Council of Europe (reference Document AS (2) 121 and also the Embassy's despatch No. 591, September 6, 1950[9]) and for the adoption of an additional protocol to the Statute of the Council providing that by special conventions concluded between the Member States or between some of them, powers not provided for by the Statute of the Council might be conferred upon special committees of the Committee of Ministers and on special committees of the Consultative Assembly (Document AS (2) 123). The favorable attitude toward these specialized authorities on the part of the Assembly's federalists may be seen from the debate on the Report of the General Affairs Com-

[8] Georges Bidault, French statesman; Premier, 1946, 1949–1950; Popular Republican (MRP) Delegate to the Consultative Assembly, Council of Europe.

[9] Not printed.

mittee, a despatch on which is being sent to the Department by the Embassy in Paris.

The classic example of a Specialized Authority is the Schuman Plan. While the Schuman Plan did not originate in the Consultative Assembly, the proposal of the Assembly's Economic Committee dated December 16, 1949, for the creation of European Companies (Appendices Q and R to Part II, Document AS (50) 5 submitted with the Consulate's despatch No. 41, August 3, 1950 [10]) is similar to the Schuman Plan and may have constituted an incentive to Schuman and Monnet. (See page 16 of Part I, Document AS (50) 5 and Appendix S to Part II, Document AS (50) 5.) As reported in the Consulate's telegram No. 95, November 24th,[10] the Assembly adopted without revision the amendment to the Motion for Specialized Authorities proposed by the British Federalist, Ronald MacKay,[11] in favor of producing something concrete on Specialized Authorities by setting up two committees which would present at the next Assembly Session texts for the establishment of European authorities for Agriculture and Transportation. The importance of the establishment of Specialized Authorities not only for Agriculture and Transportation but also in other fields was stressed by Monsieur Paul-Henri Spaak, President of the Consultative Assembly, both in his speech on the last day of the November meeting and in his press conference on the following day. He urged that these matters be pushed and thoroughly studied in order that recommendations might be ready for presentation at the Assembly at its next session in the spring. Since Spaak's counsels are usually heeded with care, we may expect that in the future the activities of the Assembly will be largely concerned with the creation of specialized authorities in lieu of federation and regional federation. Monsieur Spaak also urged, in his speech before the Assembly on November 24th and in his press conference on the 25th, that serious attention be paid to the proposal of Mr. Ronald MacKay for the creation of a European authority endowed with "limited functions but real powers" in the form of a parliament of two houses comprising the Committee of Ministers and the Assembly (reference Document AS (2) 148, transmitted with the Consulate's despatch No. 188, November 22 [12]). In his press conference the Presi-

[10] Not printed.
[11] Ronald MacKay, Member of British Parliament; Labour Delegate to the Consultative Assembly, Council of Europe.
[12] Not printed.

dent of the Assembly explained that under the MacKay proposal the Council of Europe would not have to worry about its competence, because that competence would result from laws passed by the two houses.

Although in his Assembly speech and in his press conference Spaak clearly indicated that he had become reconciled to the substitution of Specialized Authorities as the Council's goal in place of federation, at least for the time being, it is pertinent to note that when asked by a press correspondent whether he thought that the meeting just ended had constituted an overwhelming victory for the functionalists over the federalists, Spaak remarked that he had been very much impressed with the fact that the amendment to a resolution of the General Affairs Committee providing for a political authority to deal with security and foreign policy had been defeated by a vote of only 57 to 39, with 12 abstentions, which showed how strong federalist sentiment still was in the Assembly.

In connection with the question of the federation of Europe, reference is made to the Department's Secret circular telegram No. 18, October 5, 1950,[13] and the telegraphic replies from the Embassies at Paris, Brussels and London numbered 2002, 562 and 2213,[14] respectively, concerning certain opinion in Washington to the effect that nationalism in Western Europe was dead and that the only hope for a strong Europe lay in federation which, as shown by polls, was favored by the overwhelming majority of the peoples of Europe. As I recall, in the telegram to the Department from the Embassy in London it was stated that the August debates in the Consultative Assembly did not give evidence of any such overwhelming majority in favor of federation. I should like to add to London's observation that the debates in the Assembly in November most certainly demonstrated that Europe is not now ripe for federation.

The Consultative Assembly as an Anti-Communist Organization

The Consultative Assembly consists only of delegates who are non-Communist, and, judging from their utterances, most of them are strongly anti-Communist. This was amply illustrated by the speeches that were heard last week in the Assembly, particularly in the debate on European defense held on November 24. The Assembly is unique in

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[13] *Ante*, p. 674.

[14] For telegrams 2002 and 2213, see pp. 676 and 678, respectively. Telegram 562 is not printed, but see footnote 2, p. 675.

that it is the only large international forum in Europe devoted to the cause of anti-Communism. Largely because it is such an organization, it is believed that the Council of Europe should be given every encouragement by us consistent with the limitations imposed by United States interests and policy.

George D. Andrews

MEETING OF UNITED STATES AMBASSADORS AT ROME, MARCH 22–24, 1950

Editorial Note

At the end of the meeting of the United States Ambassadors in London at the end of October 1949, the participants expressed the feeling that periodic conferences should be arranged for similar exchanges of views and reports on the situation in Western Europe. With this in mind during the first two months of 1950 communications were exchanged between Washington, Rome, London, Paris, Moscow, and Frankfort to decide on the site and agenda for the next Ambassadors' meeting. Documentation on these preparations is in file 120.43/1–3150 ff. For documentation on the 1949 meeting in Paris, see *Foreign Relations*, 1949, volume IV, pages 469 ff.

740.5/3–2450

Summary Record of a Meeting of Ambassadors at Rome, March 22–24, 1950 [1]

TOP SECRET [ROME,] undated.

[Here follows page 1 of the record, which identifies the 11 principal participants: Charles E. Bohlen, Minister, Embassy Paris; Colonel C. H. Bonesteel, Executive Director of the ECC; Philip W. Bonsal, Political Adviser to the ECA Special Representative in Europe; David K. E. Bruce, Ambassador to France; Lewis W. Douglas, Ambassador to the United Kingdom; James C. Dunn, Ambassador to Italy; W. A. Harriman, ECA Special Representative in Europe; Admiral Alan G. Kirk, Ambassador to the Soviet Union; John J. McCloy, High Commissioner for Germany; George W. Perkins, Assistant Secretary of State for European Affairs; James W. Riddleberger, Director of Political Affairs, Office of the U.S. High Commissioner for Germany.]

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[1] A series of 11 "notes," or minutes, on the various meetings in the 3-day session, identified as RAM/PWB–1 through 11, is in a hard-cover binder in the CMF Files, Lot M–88, Box 148. Lot M–88 is a consolidated master collection of the records of the conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center.

ORDER OF DISCUSSION

I. Closer association with Western Europe

A. Political
B. Economic

II. United Kingdom relation to European problems
III. Germany
IV. North Atlantic Treaty
V. Appraisal of Soviet objectives and tactics in Europe

[Here follow several pages of introductory remarks by Dunn, Perkins, Douglas, Harriman, and McCloy.]

I. CLOSER ASSOCIATION IN WESTERN EUROPE [2]

A. POLITICAL

AMBASSADOR BRUCE introduced the subject of closer association of the European countries by outlining certain basic problems. The fundamental fact in Western Europe today is that without extraordinary assistance from the United States free nations there could not survive in their present form by their own efforts. The fragmentation of Europe, instanced after the first World War, for example, by the division of the Austro-Hungarian Empire, makes it as uncoordinated as were the Italian City States before a United Italy came into being. There exists today no unified economic or political power, no security vis-à-vis the Soviet Union, nor any ability to compete in the commercial world with the U.S.

Such attempts as we have seen to weld European unity have been chiefly successful on the economic side. Four organizations do, however, exist that could be used as vehicles for a closer association of European states; the OEEC, the Brussels Pact, the Council of Europe, and the North Atlantic Treaty organization. It has been suggested that the OEEC be expanded into the political field. This, however, has met with little or no response. In similar fashion, the expansion of the Brussels Pact organization has been suggested, but this was established as a security mechanism and is obviously not broadly enough based to be converted to more ambitious purposes.

In the Council of Europe, however, we find the nucleus of an interesting system. In this organism there exist definite limitations in that the Council of Ministers has been reluctant to grant real powers to the Consultative Assembly, which today possesses little more than debating privileges. Furthermore, the membership in neither committee represents an expression of popular impulses.

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[2] For further documentation on Western European integration, see pp. 611 ff.

The number of countries participating in the Council of Europe is fewer than those adhering to the North Atlantic Treaty, but obviously can be increased if deemed desirable. The question arises, "Is the will for political federation potent in this group?" The answer is that it exists and is becoming stronger.

There are two approaches to Western European unity, which may generally be called the "Federalist" and the "Functionalist." No sharp distinction separates these two approaches, but, broadly speaking, the continental states, particularly France and Italy, favor the Federalist point of view, whereas the insular bloc, namely the United Kingdom and Scandinavia, are advocates of the Functionalist philosophy. The Federalists generally found themselves in a weakened position after long occupation by the enemy and still faced with the problem of domestic security due to internal Communist pressures, react most favorably to the advantages of early unity. The Functionalists, however, regard the problem as one of institutional evolution and an attitude of "let's see if things will work," prevails. Notwithstanding these differences, it is felt that if additional authority is granted to the Consultative Assembly the differences between the two schools can be easily reconciled.

In general, the functionaries of Western European countries, particularly in foreign offices, are acutely aware of the difficulties of any movement toward unity and favor gradual evolution. Lay supporters are more enthusiastic and in their advocacy of the creation of a supranational body stress their belief that if the peoples themselves should be consulted it would be found that they would be willing to go far beyond their governments in the partial surrender of national sovereignty.

Without making any recommendations, two questions should be posed, the first being, could the Council of Europe be of practical security value to its participants, and the second, could the Council of Europe be politically operative? Furthermore, from the American point of view we must decide whether we should merely encourage such a movement or should we actually try to force it into being. In the latter connection, we must bear in mind that any persuasion that we might apply will diminish in effectiveness as the end of ECA approaches.

At this point the Ambassador said he would like to discuss the North Atlantic Treaty organization and refer to the fact that some French officials are keenly interested in clothing it with considerable political powers, since they feel that the Council of Europe will never become truly operative unless Germany and the United Kingdom are enthusiastic supporters of it. The big problem is, of course, how

far the United Kingdom will go beyond its step-by-step approach, for if the United Kingdom limits its cooperation within an European organization, the continental powers will continue to fear a resurgence of Germany. In expanding the political scope of the North Atlantic Treaty institution, this fear of a half-hearted U.K. participation and of a resuscitated Germany would be largely banished since the continental powers would be reassured by the commitments of the United States and Canada to the NAT. The extent of these commitments however is something that the United States for its part would have to clarify, and such action immediately raises internal American political problems. In this connection, the Ambassador alluded to a recent paper from the Department relating to the "Justice Roberts" Resolution on Federal Union which presented the pros and cons on this subject in a way that makes clear the many complications of American participation in a supranational organization.

If we turn for the time being to the Council of Europe as the unifying body, we would avoid the question of U.S. domestic political problems, and therefore we should support and give strong moral support to suggestions for strengthening and widening the activities of this Council. We should, however, remember that the Council may be only a step toward a larger and stronger confederation.

Obvious difficulties keep us from advocating at present an expanded political North Atlantic Treaty organization to which we would surrender a portion of our sovereignty. Nevertheless, we should support its development in every practicable way and should immediately stress its need for civilian leadership and direction and not permit it to be only military in nature and intention. This leads one to a consideration of a strong permanent committee or staff located probably in Washington. The members of this group must be able to speak with considerable authority for their governments, and, if the NAT is to expand its functions, this permanent committee must give the entire organization continuity of leadership, which is now lacking in the Council of Europe, because of the many other preoccupations of Foreign Ministries.

For the time being the Ambassador did not wish to present any recommendations. He merely wanted to raise two further questions, namely, does the United States wish to expand the powers of the North Atlantic Treaty organization in the political field, and does the United States want to encourage the Council of Europe as the point of focus of further European association?

Mr. Perkins expressed the opinion that the Council of Europe is developing too slowly, whereas the framework of the NAT would permit more rapid evolution. In this connection he said it was

generally agreed in Washington that while we are already involved in the military aspects of the NAT we must expand our assistance to other fields. There is even some thought being given to the possibility that the NAT will take over certain of the political functions of the Council of Europe and of the OEEC, but others feel that we should limit our involvement in the NAT to the economic and military aspects.

At this point, Ambassador Douglas remarked that he questioned the efficiency of further organizational development until it was clearly understood, not only by the European countries but also by our own government, as to what these organizations should achieve and the role that each should play in further development of western European unity. For example, whereas the NAT has for the moment concerned itself almost exclusively with defense problems, its future expansion should be carefully studied, for unless there is a clear understanding on this point we will be faced with a confusing interrelation of various organizations which might even result in impairment of the military efficiency of the NAT. Ambassador Douglas nevertheless agreed that unity should be encouraged in every possible way.

Ambassador Kirk alluded to the firm direction that the Allies enjoyed during the war but which now was totally lacking. Its present need is evident but the Ambassador questioned how it could be achieved in peace and agreed that a more forceful NAT is essential.

Ambassador Dunn pointed out that we are presently losing an opportunity for leadership by not calling a meeting of the North Atlantic Council. He pointed out that Europeans in general appear desirous of leaving to the United States the question of running the North Atlantic Treaty organization, and that unless a Council is called in the near future we will risk losing popular support for this organization. He agreed that if the next Council meeting could result in the announcement of a broad outline for peace this would increase the organization's effectiveness and support. It would also help European governments in showing their people that we were all participating without reservation. The American people would also accept the NAT more readily were they convinced that it had broad popular support in Europe.

Ambassador Douglas concurred with the foregoing and referred to the question of establishing a permanent organization. While he agreed that such action is necessary, he raised the question as to the terms of reference of the permanent organization and expressed the opinion that they must go far beyond those of defense. While admitting that the NAT should be strengthened, he questions whether it is

the most effective body and whether we should concentrate upon and permit it to assume other functions than those of military security? It was generally agreed that we must not be placed in the position of choosing between the Council of Europe and the NAT, and that while considerable overlap may exist we should support and work for the development of both of these institutions. Ambassador Douglas again called for a clear-cut definition of the objectives of the NAT lest confusion result from its expansion.

Mr. Bohlen said that he felt that the psychological factors of the problem should be not overlooked, and that the feeling of urgency in the Department for action in the NATO might be due to the discrepancy existing between the results the treaty has achieved and the hope it engendered. Basically, the NAT was devised to constitute a deterrent to Soviet aggression by indicating to the Kremlin that an attack against one of the signatories would be considered as an attack upon all twelve. It was *not* devised as the vehicle to assure automatic and physical security by creating at once in the western European countries a sufficient number of well-equipped divisions in the field. This basic understanding must not be overlooked, and the political direction of the treaty must be expanded and strengthened. Any extension of its military aspects immediately raises the question of Germany, and what is now needed is political policy direction and not military planning. In other words, although considerable progress has been made on the military side, we now need a political staff or standing group for no body presently exists to determine and establish the political common denominators between the signatory powers.

Ambassador Douglas concurred and added that there seemed to be some confusion in the use of the adjective "political", in that Mr. Bohlen was referring to political directives and coordination between members of the NAT whereas, when previously referred to, Ambassador Douglas was thinking of the political aspects of the North Atlantic Treaty as involving surrender of sovereignty to a closer knit political organization.

B. ECONOMIC

Notes on Ambassador Harriman's remarks

The Marshall Plan was essentially a fire-fighting operation. The fires in Europe have been put out but embers are still smoldering. The economic strength of the West is growing and industrial production as well as access to raw materials are favorable factors compared to the other side, providing we hold that access to raw materials.

We had hoped the Marshall Plan would facilitate a contribution to the organization of Europe. The brave words of the OEEC Con-

vention contained concepts such as the pooling of economic forces. Unfortunately, little has been done in that direction. There has been confusion in the United States as to what to expect and fear in Europe of the American use of broad words—unification and integration. Therefore, with State Department approval, Hoffman defined our meaning of economic integration in a speech to the OEEC Council at the end of October last year.[3] Paul Hoffman's definition was generally accepted by the OEEC and incorporated in a resolution dated November 2 (copy attached).[4] We are now in the position of asking the OEEC to implement effectively its program. That resolution sets up certain limited objectives. There is doubt whether even these objectives will be attained.

Nevertheless, the OEEC has been extremely useful on a step-by-step basis. It is showing vitality and is most valuable in the analysis of problems and in concerting policies. The staff and international committees do very effective work when they get the proper terms of reference from the political level.

In all countries and between countries there are pressures operating against integration. Particularly in Britain, Cripps and the doctrinaire socialist group of the Labor Party are primarily interested in the social experiment in the United Kingdom. They fear the effect of trade liberalization on their own doctrinaire concept of planning. The interests of the Commonwealth are not really a motive with them. Bevin is more favorable to our concepts.

Even applying a maximum of safe pressure we should not expect the OEEC to go very fast. Too much pressure would lead to disintegration.

Recent developments on the European payments scheme are more favorable in the sense that the British have receded from their recent proposal as an ultimatum and we understand they are prepared to enter into discussions of their basic problems and how to deal with them. Nevertheless, our expectations of progress are less than they were in early January.

Progress on the political side is discouraging because of the lack of decisions. A tie-in within N.A.T. of the security aspects with other aspects is strongly recommended with the United States' participation in all phases (Article 2 of the North Atlantic Treaty).

If we want to continue developing the military potential of Europe we should consider giving economic aid to Europe after 1952 as part of the rearmament program under N.A.T. This presents a political

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[3] For text of Hoffman's speech of October 31, 1949, see the *New York Times*, November 1, 1949, p. 22.

[4] See below.

problem in the United States and we must evolve a well worked out plan which can obtain public approval.

Once we have decided what we want to accomplish, the question of how we use the OEEC comes up. In the OEEC there are Western Germany and Sweden and Switzerland, which are not in N.A.T. We might consider Canada and the United States taking some form of participation in the OEEC.

Recent indications are that the French favor United States and Canadian direct participation in the OEEC and are also thinking along the lines of a broader development of N.A.T. possibilities along other than direct security lines (article 2).

The need for improved executive direction must be stressed. The committee formula is not sufficient. The experience of the OEEC and the Stikker appointment may be usefully borne in mind.

We are confronted with total cold war. We must somehow reach and inspire people's minds. The flames which we have put out are still smoldering. In some countries, notably France and Italy, we are not making as fast progress as we should in reducing Communist strength. We need an aggressive program—black and white.

Finally, as far as ECA objectives are concerned, the prospects for 1952 that Europe will be on a self-sustaining basis are not unfavorable. The estimated dollar gap of between $300 million–$1 billion will presumably be manageable through normal financial channels including the International Bank.

Except for special countries like Austria and Greece and special problems like over-population in West Germany and Italy, there will be a need for continuing economic assistance for the military program and here there will continue to be a startling gap between requirements and existing matériel. In this connection the position of Germany is most important. The attraction of Eastern Europe and the eastern world in general as a source of raw materials and as an outlet for German manufactures is very great.

There is also the factor of competition between Germany and the United Kingdom. We need a thorough-going study of potential world trade patterns viewed from the aspect of cold war. It is essential that the East be more dependent than the West. This, of course, ties in with Point IV.

Notes on discussion following Ambassador Harriman's presentation

Matters of interest and related to ERP, ECA, and OEEC were, of course, brought up at many other times during the meeting.

Both Ambassador Douglas and Mr. McCloy stressed the immediacy of the problems confronting the free world. They agreed as

to the importance of taking prompt, effective steps to bolster our defenses in all directions.

Ambassador Douglas said that he envisaged OEEC eventually as an instrumentality of NATO and that he saw no conflict between that concept and the Council of Europe.

Ambassador Douglas remarked that he considered 1950 to be in many ways a more critical year from our point of view than was 1947. He said that we must endeavor to evaluate realistically our prospects for the next five or ten years. He pointed out that, while on the asset side we have the progress of the Marshall Plan and the defection of Tito, the current is in many ways running against us. There is every evidence that the Soviets are stepping up the cold war on all fronts. Can we arrest or reverse the adverse trend? That is our problem. We can win if we show determination and an ability adequately to mobilize the industrial capacity of the Western world.

Ambassador Kirk noted that recently Soviet propaganda had been increasingly concentrated on the theme of the allegedly imminent economic depression in the capitalist area and the over-production with which that area is soon to be plagued.

Before Ambassador Douglas began his remarks on the British situation, Ambassador Harriman took occasion to state the view that nothing broadly constructive in Europe could be based on any other concept than that of full UK participation in Europe.

Decision of the Council of the OEEC regarding further measures of cooperation

(Adopted at its 75th Meeting, on November 2nd, 1949)

The Council

Having noted the declarations and suggestions formulated by the various delegations and the Economic Cooperation Administrator;

Recognizing the need to form a single large market in Europe in which goods and services could move freely;

Re-affirms its intention, in conformity with the Convention for European Economic Cooperation of 16th April, 1948,[5] to work wholeheartedly for the abolition as soon as possible of restrictions to trade and payments between the Member countries and to achieve as soon as possible a high and stable level of economic activity and employment without extraordinary outside assistance;

Re-emphasizes the importance it attaches to the decisions of 4th July, 13th August, and 8th October, 1949;[6]

[5] For the text of the European Economic Cooperation Convention, see *Documents on International Affairs, 1947–1948* (London, Oxford University Press, 1952), p. 178.

[6] For documentation on the OEEC in 1949, see *Foreign Relations*, 1949, vol. IV, pp. 367 ff.

While recognizing the great urgency of the problem, realizes that further progress will have to be by stages whether for the Member countries as a whole or for regional groups;

Recognizes that it may be desirable to provide for a closer economic and monetary association on a regional basis between some of the Member countries, where the requisite conditions already exist; such arrangements to be compatible with the wider possibilities that may be offered by the collective action of all Member countries;

Recognizes further that the need may arise for the Governments concerned to compare their financial, economic, social, tariff, and investment policies, with the object of achieving such harmonization as may appear necessary for arriving at closer economic and monetary associations between them;

On the proposal of the Chairman:

Hereby decides upon the following further steps towards the general objective set forth above:

I. *Liberalization of trade*

1. That Member countries shall now adopt the objective of removing quantitative restrictions before 15th December 1949, at latest, on at least 50% of their total imports on private account from the other Member countries as a group, in the respective fields of food and feeding stuffs, raw materials and manufactured goods counted separately.

2. That Member countries shall to the fullest extent of their executive authority, provide for import trade which is handled by a monopoly under government control to be conducted, in respect of other Member countries, in accordance with the general principles of Section D of Chapter IV of the Havana Charter for an International Trade Organization.

3. That if any Member country considers that the action taken by another Member country, in pursuance of paragraph 1 above, is being frustrated by tariffs or domestic arrangements likely to restrict the capacity of private importers to obtain the freed goods, it may ask the Organization to decide whether the goods affected should properly be counted towards the 50% proportion prescribed.

4. With the object of increasing as much as possible the volume of invisible trade, the Member countries shall submit before the 15th December returns setting out the greatest measure of relaxation they are able to make in the restrictions of transfers on account of current invisible trade, including, in particular, tourism and emigrants remittances; and the Organization shall report upon such relaxations with any suggestions for their further extension that it may think proper.

5. If any Member country feels unable, in the light of its economic and financial situation, to implement this decision fully, it shall report its reasons to the Organization before 15th December 1949.

6. That the Organization shall decide, before the end of January 1950, what further steps should be taken both to ensure continuing progress towards achieving the aims set out in paragraph 1 of the

Council Decision of 4th July, 1949 (C(49)88 Final) and to facilitate such progress.

II. *Intra-European Payments*

To widen the area of transferability of currencies among the Member countries by suitable measures in the next intra-European payments scheme and by such additional arrangements and central institutions as may be appropriate to this end.

III. *Dual Prices*

To instruct the Executive Committee to enquire into ways and means to eliminate in intra-European trade, dual prices, and to submit a report on the problem at the earliest possible date.

IV. *Closer Economic Cooperation*

To invite those Member countries which have under consideration, or may evolve plans for closer economic arrangements with one or more other Member countries, to report to the Organization on progress already made and any specific further proposals to that end. Where possible a first report on this subject should be submitted to the Organization not later than December 15, 1949.

V. *Manpower*

To instruct the Executive Committee to re-examine the problems relating to the absorption either in Europe or elsewhere of the persistent surplus of manpower in certain Member countries.

VI. *General*

In examining reports submitted by Member countries and in preparing its report upon the programme of action for the coming year, the Executive Committee shall bear in mind this Decision and the Decisions referred to above, and the suggestions contained in the statements made by Delegates at the present session of the Council.

II. UK Relation to European Problems [7]

Ambassador Douglas stated that the critical element in the organization of the West was Britain's relationship thereto and their willingness to participate in such an organization. He noted that US/UK relations were at a very low ebb. There were seven or eight critical issues on which we were not in accord although he was happy to report that one of these looked to be at the point of settlement. The question of British preparedness to participate had two aspects, one political and the other economic. With respect to the Commonwealth, Ambassador Douglas pointed out that its structure had changed profoundly during the course of the last few years. No legal ties remained beyond the common Crown and even that had been dropped in the case of one or two newly added dominions. There were new members of the Commonwealth of different race, religion and philosophic outlook who lacked the common traditions. Although the Commonwealth was no longer the same institution, London still retained many

[7] For further documentation on the British relationship to European problems, see pp. 611 ff.; regarding United States relations with the United Kingdom, see pp. 1598 ff.

obligations, but it was becoming more responsive to the wishes of the Dominions and less the leader of the group. This was clearly the result of the decline of British strength. By reason of these obligations and limitations England was restrained in the degree to which she could participate in the conflict but she could and should give leadership and encouragement. In this regard the Conservative Party had been the prodder and the Labor Party had been the laggard. In 1947 Bevin had behaved with alacrity and courage when he picked up the ball thrown by General Marshall but since that time had lagged. England's freedom of action was further limited by her other overseas commitments such as the colonies and by what she conceived to be her special relationship to the U.S.

Ambassador Douglas thought that the studies which had been made of this problem did not place sufficient emphasis on the basic conflict between the requirements of a Socialist society and of an international society as we conceived it. The Socialist was a planner and could not tolerate any external influences. Because of this conflict the British had been led to renege on commitments they have made in 1947, 1948 and 1949. They probably did not realize at the time the essential dilemma which was to confront them. Their principal motivation was their pursuit of a form of society they believed to be good.

Ambassador Harriman referred to the differences in the leadership of the British Government and the conflicts within the Labor Party itself. Ambassador Douglas pointed to Bevin and Bevan [8] as good examples of this phenomenon. He said that Cripps [9] and Bevan appeared to occupy the extreme left position in the Cabinet. The determination of the Labor Party to remain in power was such that they would not permit themselves to be seriously divided and the Right always made concessions to the Left when necessary. He believed this situation would continue and it might also offer an explanation of the appointments of Strachey and Shinwell [10] at this critical time. In general the situation in England was one in which neither Labor nor the Conservative Party could take any aggressive position.

An additional consideration limiting British participation in Western organization was British fear of being burned. They had been burned once badly and were not going to expose themselves again, but Ambassador Douglas believed that the primary problem was the fundamental conflict between Socialism and internationalism.

In economic matters the same contradictions presented themselves. The British went much further in controlling sterling than they had

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[8] Aneurin Bevan, Minister of Health.

[9] Sir Stafford Cripps, Chancellor of the Exchequer.

[10] John Strachey, Secretary of State for War, and Emanuel Shinwell, Minister of Defense.

to. Their financial position had improved recently and their reserves were now just under two billion pounds. This was, however, in part the result of seasonal phenomenon and the resumption of their ancient economic relationship with South Africa. It would not have a lasting effect. For the moment, however, their finances were in balance without ECA assistance, but this rested on a restriction rather than an expansion of trade and there would be adverse results.

Ambassador Douglas said we should respect British sterling area obligations. They were intricate and far reaching relationships which if they collapsed would bring about consequences we were not prepared to meet. The British had never balanced their account with the West with manufactures, even when we had relatively free trade. It was rather the raw materials from India, South East Asia, and to a lesser extent from Africa channeled through London to the New World which had provided dollars. He would not suggest for a moment that we should derange or suppress economic development in those areas. But the problem did pose itself how without losing the political situation we could prevent the development there of the kind of economic nationalism which would cut off the areas from Western Europe.

Ambassador Douglas said that perhaps we had been a little tender with the British. The time might come when we should tell them that we would have to review our whole policy unless they would do their part in maintaining the principle of US/UK cooperation in prosecution of the cold war. Britain was after all the only other power in the West and unless they could go down the same road with us it would be highly serious and we would have to confront them with the issue. Ambassador Douglas stated that although the idea of neutrality did exist in certain segments of the Labor Party it did not represent a force in British policy.

Ambassador Dunn pointed to the important influence the British still exercised in Italy in demonstration of the fact Britain had not completely lost her role as a great power. Ambassador Harriman commented on the ruthlessness of British trade policy on the continent and to the fact that in contrast to ourselves they were not playing square in this respect. High Commissioner McCloy referred to the historic influence of British diplomacy and its present residual effectiveness. Ambassador Douglas said that Bevin had recently suggested that in order to make possible a European payment scheme certain countries be permitted to join with reservations. Ambassador Harriman felt such a solution would be unworkable since the British would turn it on and off at will. Ambassador Douglas pointed out that until the present the British had not been in a position to assume

the risks involved in such an undertaking. He added that in the same conversation Bevin had stated that he hoped the Spender plan with respect to South East Asia [11] could be put in effect by July.

Ambassador Douglas said the British people in general realized the need for and indeed desired close cooperation with the US. The Labor Party itself was not too friendly but this lack of friendliness derived from their doctrinaire views that the American economy was unstable and subject to violent fluctuations. That if they were too closely bound to it they might be injured. The Conservative Party was firmly convinced that the UK and US would have to develop and maintain a very close association. At the same time they wanted to preserve the structure of the Empire. Some trouble might be forthcoming on the subject of Empire preferences but it would not be important.

Apart from the occasional depressions, of which only one had been of serious proportions, the American economy had in fact been relatively stable for the past 150 years.

Finally, Ambassador Douglas pointed out that the discriminations which arose out of the non-convertibility of sterling were in part the automatic unescapable discriminations which arose from the adoption of any system of currency control. Others, however, were escapable.

Ambassador Harriman stated that the British EPU proposal was unacceptable. Although there had to be enthusiastic British participation to make such an undertaking effective, the Continent was not going to accept British domination in this matter.

With respect to our treatment of the British, he felt it important that we be tender with the British people and be sure not arouse their resentment. In England politics stopped with important foreign issues. The British Government itself was also subject to pressures from the extreme Left. He felt we could encourage the Continent to take up issues with the UK which we believed to be sound. The Continent had vitality and there were many issues better made by them than by us.

Assistant Secretary Perkins asked how this could be done and cited the recent shipping case in which the British succeeded in obtaining uniform European support in opposition to our point of view. Ambassador Harriman said it was of course clear that certain European countries were in a sort of satellite relationship to the UK but that in the given case Norway which had vital shipping interests might have been willing to cooperate with the US point of view. He pointed out that the British tended to mobilize European opinion

[11] For documentation on the Spender Plan for South East Asia, see vol. VI, pp. 1 ff.

whenever they were in disagreement with us. In appropriate issues we could use the same technique, but of course the nature of the issue must be carefully considered. Ambassador Douglas agreed and said there was an additional noteworthy development in England. The Labor Government was now briefing the Conservatives on certain important issues. They had succeeded in getting Conservative support for the Government's payments scheme. He felt we would have to do the same. Careful briefing of Conservative members would make it possible for us to get decisions on important matters in this period of finely balanced power. Ambassador Harriman felt that the recent elections had revealed a residual desire on the part of the British people to reassume an honorable role in international affairs. Ambassador Douglas agreed and said that an equally important fact in the swing against the Socialists had been the nationalization issue. Labor had played it down and the Conservatives had not played it up.

In connection with the importance of using the opportunity to brief Conservatives and make our own point of view understood by the opposition in England, Ambassador Harriman pointed out that this was of course done on the Continent where it was easier. He emphasized the high importance of close coordination between the Ambassadors gathered at this meeting. With respect to the British he pointed out that one subject which must be dealt with most discreetly was that of full employment. The Labor Party was in power on that platform and would automatically dig in if pressed on the subject. Ambassador Douglas said the subject of sterling balances was of similar sensitivity since it was by these balances that they were able to maintain full employment in England. In reply to a question he stated he did not believe there would be an election until something happened. In the absence of startling events the present stalemate might go on for quite a while.

Ambassador Harriman believed it was important we not let the British get the idea that their failure to go along would necessarily preclude us from going ahead with plans for Europe. There might be cases where we would in fact wish to go ahead even without them. Ambassador Douglas reiterated that the basic background of the British problem was to be found in the changed nature and structure of the Commonwealth. Ambassador Harriman pointed out that Cripps had wanted to keep himself the role of middleman between the US and the OEEC and no doubt there would be a disposition to play the same role in our relations with the Dominion[s]. Assistant Secretary Perkins stated that there was discussion in Washington as to what extent the US could replace the UK in the Commonwealth and that there was considerable doubt as to the desirability of our

pushing in that direction. Ambassador Douglas agreed with the reservation that if Socialism became permanently fastened to the UK the Commonwealth would disintegrate in any event and we would be confronted with the decision as to what role the US should play in those circumstances. Ambassador Harriman affirmed the importance of the US being always in a position to pass on its attitude to members of the Commonwealth directly and not through the British, thus permitting them to use the Commonwealth as an exclusive instrument of British foreign policy.

III. Germany [12]

High Commissioner McCloy remarked that although he was concerned with the problem of eventual European Integration he was faced in Germany with problems requiring immediate action.

Germany is always in ferment and is subject to terrific pressure from the East. The situation might be outlined as follows:

1. Soviet pressure is growing stronger continuously and is ably assisted by an efficient and effective propaganda machine in the Eastern Zone.
2. The German Government is developing more slowly than originally hoped for, and while he deplores the right wing nationalists he feels that they are receiving more publicity than the actual situation merits. Although the press is inclined to play up the extremist elements, there are at present basically sound democratic elements that are quietly working successfully.
3. The internal political situation is uncertain due to the government's slender majority. Nevertheless, the right and left wing extremes are weak and do not give rise to serious concern.
4. There is a growing sense of fear that has been permeating the country for the last six months or so due largely to the obviously increasing Soviet propaganda and to what the Germans consider a lack of power in the West and the prevalence of equivocation in the democratic camp.
5. The concept of Western union or membership in the Council of Europe has paled and does not hold the same degree of exciting attraction it previously enjoyed in the German mind. The failure to evolve effective military policy in the Western camp is unfortunate and the recent mention of the possibility of German remilitarization has been interpreted by the Germans to indicate basic Western European weakness. Although this talk of remilitarization has appealed to certain small groups of the former Wehrmacht class, it is generally poorly received. Along the same line, the Germans interpreted the British reticence to have Spaak appointed Secretary-General of the OEEC [13] and recent French action on the Saar as another indication

[12] For further documentation on United States policy toward Germany and the status of Berlin, see pp. 913 ff., herein, and volume IV.

[13] For documentation on the question of Spaak's appointment as Secretary-General of the OEEC, see *Foreign Relations*, 1949, vol. IV, pp. 462 ff., and pp. 611 ff., herein.

of the lack of coordination between the democracies and a lack of British enthusiasm for a strong European organization.

6. The prisoners of war returning from the Soviet Union are helpful to the democratic forces in Germany for their tales of Soviet horror and conditions in that country are a constant reminder of a fate that Germany might suffer. Nevertheless, among these prisoners there are a few fanatic agents who are constantly increasing in number, but who are not well received except by the small hard core of Communists.

7. Eastern propaganda is generally better than ours. It minimizes the ideological differences between the East and the West but plays up the theme of U.S.-British opposition to German economic development, claiming that the West is blocking German efforts to reach her natural markets whereas trade can flow freely eastward. In the latter connection it stresses the theme that there is no competition in the East and that this is the natural outlet for German surpluses. This propaganda, therefore, has had some effect among conservative and industrial groups in the West. Eastern propaganda also describes in considerable detail the East German satellite government and elaborates its organizations and all the trappings that Germans generally associate with a central government. It cleverly implies that its capital is in Berlin and emphasizes that the Eastern government operates from that city which has become symbolic of unified Germany.

8. We anticipate a concerted effort to take over Berlin, and Eastern propaganda keeps hammering at this point. A para-military trained infantry army exists in the East Zone and is described as the instrument to overcome opposition in the West. This army now includes between 45 and 500,000 men, who are equipped with light and heavy machine guns, artillery, and even is given tanks for use in training. It is presently a good pre-World War II fighting force. The existence of this body gives further substance to the East German Government and coupled with the obvious threat to the Western Sectors of Berlin keeps the Germans uneasy.

9. Although the German is attracted Westward by many things, material, political, psychological, he cannot help but be aware that the concept of unity comes only from the East. This was one of the reasons for the High Commissioner's recent proposal for free all-German elections.

10. Although the Berliners are the strongest element in the Western Zone, they nevertheless eat, sleep, and drink fear. The *Deutschlandtreffen* May 28 [14] or the May 1 celebration may be considered as the first of a series of pressures on Berlin and may lead to street fighting and bloodshed. Although counter-demonstrations can probably be staged and sufficient troops are available to contain the attack, it will be a spectacular demonstration of Eastern force and requires immediate action. The counter forces are undoubtedly known to the East and the possibility, of course, exists that the May 28 demonstration will be postponed. The High Commissioner feels that the Communists can be thwarted and by so doing Western morale will increase.

[14] Further documentation on the *Deutschlandtreffen* is scheduled for publication in volume IV.

Western Berlin is a miniature of Western Germany. All the problems of the Tri-Zone are present in this reduced area. Nevertheless, were we to lose Western Berlin it would mean the loss of all the rest of the country. It must be held. The High Commissioner hopes that the Russians do not postpone or call off the May 28 demonstrations for he feels that this first possible all-out attack is concentrated in a city where we have the situation in hand and the west has the opportunity of administering a sound defeat to the Soviet, which will boost Western influence throughout Europe.

11. Notwithstanding its courage and general good political morale, West Berlin lacks the feeling that it has the all-out support of Western Europe. Mayor Reuter [15] told the High Commissioner a while ago that although he is confident of United States support and knows exactly where we stand, he occasionally experiences doubts regarding France and Western Germany. He feels that Adenauer [16] might look with disinterest on the loss of Berlin, and he is aware that François-Poncet [17] minimizes the weight of Soviet pressure and expresses doubts as to Soviet intentions. The High Commissioner feels that it will require a frank discussion with the French to impress upon them the seriousness of the situation and to "smoke out" French policy with regard to the former German capital. In recent conversations with the French High Commissioner Mr. McCloy has pointed out that if Berlin goes, so goes all Germany, and François-Poncet appeared impressed and took action which led to the return to Berlin of an appreciable number of French gendarmes who had been recalled to Metropolitan France.

12. 300,000 Berliners are now unemployed and are receptive subjects to Soviet propaganda. Mr. McCloy has recently suggested that all ECA countries send procurement agencies to Berlin to endeavor to ascertain if purchases could not be effected in that city. While realizing that there is little to offer, such action should be taken for articles do exist that could be bought, and even small purchases would have beneficial results. Such action on the part of ECA countries would also serve as a strong stimulant to West Berlin morale for it would indicate that other European countries are behind them in their fight against the East. It was stressed that any change downward in the curve of unemployment would help, no matter how small, for the ECA money that was recently allocated to Berlin has not yet had its effect. The High Commissioner recommended that the Ambassadors present endeavor to do everything possible with the governments to which they are accredited to have procurement agencies sent to Berlin for only with the development of normal trade patterns will Western Berlin get off to a healthy and peaceful start.

Recently General Taylor [18] sought 250,000,000 DM's for a public works program in an effort to combat unemployment. It is felt that if this sum were available it might reduce the unemployed by a small amount, say, 60,000, but even if this small advance were made it would

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[15] Ernst Reuter, Mayor of West Berlin.
[16] Konrad Adenauer, Chancellor of the Federal Republic of Germany.
[17] André François-Poncet, French High Commissioner for Germany.
[18] Gen. Maxwell D. Taylor, United States Commandant for Berlin.

turn the trend and move the unemployment figures downward, which might get the Berliners through this coming summer when the Soviet pressure will be the greatest. In this connection Mr. McCloy said that he was convinced that a public works program could be justified to the ECA countries, and as Berlin is the key to Germany it should be stressed to the United Kingdom and the French that ECA funds destined elsewhere could be justifiably used in the former capital.

The High Commissioner also recommends that the Western powers set up a committee to study not only the procurement of goods from Berlin for Africa, South America, and the Western European countries, but also the expeditious handling of the Eastern German refugees. At present the mechanism for handling these refugees is cumbersome, legalistic, and completely submerged in red tape. If some expeditious manner could be determined to handle these people it would be of great assistance. If the Committee for Berlin aid could be formed *immediately*, it would help the Berliners in that it would counteract the concept of Western weakness as compared to the obvious Soviet gains in the Far East and the consolidation of their position in the Satellite countries. It would also tend to nullify the Soviet advocacy of united Germany and would indicate to the Berliners that they are not alone in their fight against the East.

On the domestic political scene, the possibility exists that there may be a swing toward the right, particularly among the refugees from the East and former ardent Nazis. The High Commission does not at present have powers to offset it, and this lack of power is occasionally distressing but for the moment must be accepted. With regard to the government at Bonn, the High Commissioner said that recent debates in the parliament have been gratifying, particularly those conducted by Schumacher [19] and Adenauer on the Saar.

Democratization is proceeding slowly, but the High Commissioner is convinced that good elements are gradually emerging. The government as a whole is still controlled by older men of the Weimar era. If the C.D.U. can overcome certain of the economic problems, the center would be strengthened and votes would be won from both the right and left. The extreme left is not considered dangerous as long as the present situation remains unchanged.

The French in Germany under François-Poncet are cooperative, but remain adversaries of a strong central government. Although they render lip service to Germany's participating in international organizations, they continuously attach strings to such participation and surround it with administrative delays. The timing of the recent discussions on the Saar obviously could not have been worse, but does not seem to have caused irreparable damage.[20] The French and also the British maintain approximately the same attitude on democratization. Although we are against restrictions on individual economic liberty and trade restrictions, neither the British nor the French are too interested in these subjects, nor do they attach much importance to educational reforms. Their views on decartelization are flexible and depend largely on who owns the cartel. In a similar vein, they

[19] Kurt Schumacher, Head of the German SPD.

[20] Documentation on the Franco-Saar negotiations is scheduled for publication in volume IV.

do not concern themselves actively with restrictive trade practices or labor unions. In general, it might be said that if the French could be sure that a Comité de Forges man were to head up an organization they would be willing to accept it no matter what were its economic or social objectives.

A reorientation of the German mind is essential. Until there is an acceptance of the rights of the individual against those of the state, there will be no basic security in Germany. As an example, the school system should be drastically improved to put over the basic democratic fundamentals.

The conflict with the French attitude has recently become evident in the Military Security Board, where the Americans feel that the board should not act in a manner unnecessarily to obstruct economic development and establish cumbersome mechanics and procedure. If the board continues as presently proposed it obviously will not be able to exist after the Occupation Forces are withdrawn, and real security will not be secured for the West. The United States policy is that the board should constitute an alert and well-informed body that should be in a position to examine and review broad economic security problems, without becoming enmeshed in a mass of detail and paperwork. By such action true security might be achieved, and not merely frustration of objectives as now seems to be the case.

The British *seem* to accept the inclusion of Germany in various world organizations. They are disposed to extend to the Germans broader authority on questions of production and economic capacity in most items except in the security field, of which an outstanding example is shipping. With regard to possible modification of the Occupation Statute, Mr. McCloy did not feel that such should be undertaken at present, although the British might adopt an extremely liberal attitude on this subject and might even go so far as to suggest the abolition of the High Commission.

Mr. McCloy again reverted to the immediate action necessary in Germany in relation to the forthcoming summer battle with the East. Such action is not only necessary in Berlin but throughout the Western zones, in that the United States stands alone in the German eyes as their ally and bulwark against the Soviets. The Commissioner again called for a declaration by the Western powers on the maintenance of the Western Sectors in Berlin and action on the problems of the refugees and the sale of West Berlin production. He also said that an international fair and auto show or other forms of interest in Western Berlin would be helpful, and ended up with the remark, "Time can be bought cheaply in Berlin."

Mr. Churchill's recent speech during which he advocated the rearmament of Germany had no particular reaction in the Western Zone, for Germans as a whole do not desire to be constituted into a foreign legion, and they considered it as another sign of Western European weakness.

In reply to a question by Ambassador Douglas, Mr. McCloy stated that the concept of neutrality is not taking root in Western Germany. The Germans are, he said, a forceful and vigorous people. They cannot conceive of their country remaining neutral in any European conflict. If the West shows it has the strength and the leadership, there is no question that it would be on our side. This lead the High Commissioner to call the meeting's attention to the "dynamite" paper in the documents he had given the meetings, in which was advocated that Germany's manpower and industrial capabilities might be used in rearming Europe. In this connection, a Western German army is not called for but we should do everything possible to assure their adherence to our side without an army for then the chances would be better for political evolution. One must not forget that once an army is formed the civil government is likely to become subservient to the military. Any announcement of the formation of a German army would be critical and dangerous, for not only would it strengthen the dangerous rightist elements but would jeopardize healthy political evolution. Although Western Germany is fearful and concerned over the Eastern para-military organizations, it merely wants its own police backed up by a forceful Western European organization and policy. As long as Allied troops are present in Germany, its military security is assured to the extent that the West is strong.

Mr. Bohlen then examined the individual attitudes of the various Western European countries, leaving aside for the moment the U.K., and indicated that in almost every case there are two conflicting and contradictory currents of thought in regard to Germany. One is the traditional fear and distrust, in some cases amounting to an absolute certainty that, unless definitely controlled in certain areas, Germany will revert to her previous policies of aggressive nationalism with eventually a revival of German militarism. This feeling, as indicated above, is the result of past experience and is occasionally augmented by fears of the economic strength of Germany. These views might be summed up as the negative approach towards the German problem. However, along with this sentiment there are signs of a growing realization that without West Germany as a member, the community of Western Europe, whether politically, economically or militarily, has little real substance and therefore chance of success. With the possible exception of Norway, the direction and development is definitely towards the latter or more realistic concept. This can be attributed primarily to the growth of the Soviet and Communist menace, the recognition of its implacable nature, which will not respond to the normal process of international affairs, and consequently the essentiality of having Germany with her potential power in the Western camp as against the Eastern camp.

Indeed, at the present time it is safe to say that the fear of Germany is less of a repetition of an individual German attempt to rule Europe by force and more a fear of a Soviet-German combination. The distrust of Germany is reflected in the belief that as soon as Germany recaptures her freedom of maneuver she will inevitably begin to play the West off against the East with the very real danger of coming to rest on the side of the Soviet Union. This is the nightmare of Western European nations and it should be ours as well.

There is widespread recognition that this danger would be materially enhanced by the growth of unemployment in Germany and the vital importance to the West German republic of finding markets for their industrial products. Almost all Western European countries are on record as favoring German admission into the international organizations of Western Europe. The chief obstacles would appear to be one of speed of such integration and in particular the type of safeguards and controls which are to be maintained for a long period over Germany. Very often under closer examination what appears to be a difference in policy is in reality a difference in method based upon a different evaluation of the best method of dealing with the Germans. In France, particularly, it is firmly believed, even by stronger supporters of German integration, that German good behavior will not be won by concessions and favor but only if certain limits are definitely set and adamantly maintained by the Allied powers will the possibility of future German good behavior be enhanced. They believe in this respect that the important thing in Allied dealing with Germany is clarity and that the position once taken should not be abandoned because of German pressure.

If a generalization is to be made concerning the continental nations, it is that their past experiences with Germany are still too fresh to permit them to act wholeheartedly upon policies which rationally they recognize are necessary. There has already been considerable evolution in this respect and the most that we can do is to encourage the trend to develop as quickly as possible, without, however, falling into the attitude of denouncing and castigating national sentiments which would be held by any people who have had the treatment that most Europeans have had from Germany. Mr. McCloy then stressed that Germany must be accepted not as a concession to German agitation but rather as a logical evolution in the development of an integrated European system.

Ambassador Dunn stated that the Italians recognize the need for Germany's inclusion in the European community in order to have the Germans assume their responsibilities and lest, if not included, she turn Eastward.

The discussion again reverted to the question of German rearmament and it was pointed out that the Germans presently benefit from the absence of a military budget and are fully aware of this advantage. Mr. McCloy replied, however, that roughly 25 per cent of the present budget is devoted to occupation costs, which approximates the military budgets of leading Western European powers.

Mr. Perkins then posed the question of exactly what were the mechanics of including Germany in a closer association of European states, and it was generally agreed that little need be done at present in that she is already a full member of the OEEC and her associate membership in the Council of Europe has been agreed to by all members of that body.

Mr. McCloy added, however, that Germany's economic position must be improved before she can become an active member in the Western European organization. She is presently in an unfavorable debtor position vis-à-vis most of the Western European countries, and he hopes that this situation may change for the better. Already Germany's position vis-à-vis Holland appears to be satisfactory, and shipping orders have been received which will be felt in the politically important north German ports.

On the general question of the mechanics of German integration, Mr. McCloy said he favored a policy of getting Germany "enmeshed" into every possible international organization. He again reverted to the fact that such action should not be regarded as a concession, as the French appear to feel, but rather as a normal step in the country's evolution. Mr. Bohlen agreed with Mr. McCloy's views but, in regard to the French attitude that any German inclusion in an international organization is a concession to that country, said he did not see when or how this French attitude would change for it was a natural pathologic Gallic reaction.

Ambassador Douglas then added that it is of paramount importance to include the United Kingdom in such European groups for unless she participates wholeheartedly Germany would, within the next five years, dominate the Western European economy. The Ambassador then reverted to Mr. Bohlen's exposé of the United Kingdom's attitude toward Germany and said that he felt that the London Embassy's opinions might have been a bit charitable toward the United Kingdom in that she is keenly concerned with German economic competition. The United Kingdom is prepared to go so far in this respect as to seek to write into the final peace treaty a permanent limitation on German steel production. The recent changed British attitude on dismantling was due not to ideology but rather to a deep-rooted fear of serious disorder were the dismantling program to continue.

Although the United Kingdom would welcome Germany into Western European organizations, it would not go so far as to accept her in the North Atlantic Treaty.

Mr. McCloy said that he desired to emphasize the delicate balance that exists in Germany today. Presently the problem is one of whether the better younger elements will be able to prevail, and they must be given something constructive to work with. Although the arrest and suppression of former Nazi elements makes good newspaper copy, it also tends to keep the better elements down and gives rise to the attitude of "Let's not stick our necks out." Although the natural French instinct is to suppress any German evolution, the Americans feel that if the truly democratic forces are to prevail they must be given a feeling of self-respect and recognize the role that they must play in the country's future.

There then followed considerable discussion between Ambassador Bruce, Mr. Riddleberger, and Mr. McCloy relating to the French tactics on the lower level in Germany. Mr. Riddleberger expressed the opinion that notwithstanding repeated high level French assurance that Germany would not be kept out of international organizations, the low level French officials in that country do everything possible to block such action. It was then suggested that each of these cases be documented and sent to Paris for the personal attention of Foreign Minister Schuman. Mr. McCloy said he did not believe said procedure was advisable in that it would be tantamount to by-passing the French High Commissioner of Germany. He also described the French tendency to refer every case to the Department and to seek the Department's reversal of the stand taken by the Americans in Germany. Such action had not been successful but nevertheless constituted a serious delay in any constructive program. Ambassador Bruce offered to raise any points with Mr. Schuman that the High Commissioner desired. The High Commissioner felt that it would be preferable for him to endeavor to work them out in Frankfort with Mr. François-Poncet, and only to resort to a "*démarche*" in Paris when Mr. François-Poncet so suggested, as was the case with the devaluation last year.[21]

Mr. McCloy then said that in general the Allied policy in Germany should be one of fairness and not niggardliness. The Security Board should not be used as a dragnet over the economy of the country and, for example, with regard to trade with China we should be certain that we are treating trade originating in Germany in the same manner as trade originating with other countries.

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[21] For documentation on the devaluation of the German mark in September 1949, see *Foreign Relations*, 1949, vol. III, pp. 448 ff.

Although the French have accepted on the Security Board the principle of fairness, they nevertheless remain touchy and have taken some extreme positions. At this point Ambassador Douglas suggested that Hervé Alphand and Couve de Murville might be behind this French attitude, and suggested that perhaps Ambassadors Bruce or Harriman might speak to Mr. Schuman.

Mr. McCloy again mentioned the Council of Europe and said that Germany is likely to seek admission thereto some time in the future, for they would realize the advantages accruing from such action and might even feel that it would be a means of again bringing up the question of the Saar. At present, Adenauer could not obtain sufficient votes favoring German admission to the Council, but such might not be the case in a few months.

Ambassador Bruce then said he would like to have it understood that the Paris Embassy should not be considered partisan on German matters, which is not the case. One must bear in mind, however, the fact that Mr. Schuman is following a very difficult and narrow road on Germany and were it not for him French policy would not have advanced as far as it has. He is presently balanced on a needle, and thanks to his own internal political problems he cannot be pushed too far. Although sabotage may exist within Mr. Schuman's own ministry, this could be rectified and the Ambassador expressed the hope that his Embassy be informed of each instance of French delaying tactics. In reply to a question, Ambassador Bruce stated that he had been informed by Mr. Schuman recently that the French liberal policy on Germany would continue, and that Mr. Schuman had even raised this question in the cabinet and had received a definite commitment from that group.

With regard to the French attitude on Berlin, the Ambassador pointed out that the French are scared lest Berlin touch off war, and are therefore extremely worried, for it would be difficult to have Frenchmen march off to a war for the former German capital.

Mr. McCloy then summed up his suggestions to win the battle of Berlin, namely,

1. A tripartite declaration on support of Berlin.
2. Procurement agencies in Berlin.
3. A meeting of French, United Kingdom, United States, and other Western European officials regarding immigration.

Mr. Perkins remarked that we could probably proceed rapidly on the first and third points, but that the question of procurement agencies in Berlin would have to be carefully studied lest it backfire. Mr. McCloy agreed that this danger existed, but said that it would be minimized if the agencies proceeded to Berlin with no publicity and quietly studied the possibilities of purchasing goods in that city.

528-933—77——53

IV. NAT [22]

Assistant Secretary Perkins referred to the document on this subject [23] submitted to the meeting which he believed fairly well covered the present situation. He added that the United States Military had reports on the regional requirements for both troops and equipment but they had as yet no lists as to how the troop requirements were to be achieved. The British so far had told nothing. At the outset the American Military attitude had been similar but they had recently come a long way and had fixed availabilities Eastward. They had not, however, revealed any data with respect to estimated strength at home. The British had revealed nothing although there was some indication that they might be prepared to pass some information privately to the United States. Ambassador Harriman agreed that the paper submitted sized up the situation very well. He remarked that Cripps' attitude on the subject was simply that the Finance Ministers should get together and among themselves decide how much money was available for this purpose. It was Mr. Harriman's opinion that the Finance Ministers were not very keen on this subject, being fully occupied with their own internal problems, and that although their future activities might be interesting they would not be very important. Colonel Bonesteel remarked that there was a coming moment of disillusionment. Figures developed on the subject were so far apart from reality that the element of discouragement was becoming apparent. By way of example he stated that by January 1, 1951 the probabilities were that only about 30 percent of Army, 20 percent of Navy, and 5 percent of Tactical Air Force programming would be fulfilled. This was clearly not a satisfactory picture. Mr. Perkins asked whether there was general agreement on the need for central direction in NAT matters. Ambassador Harriman agreed but emphasized that the first and immediate requirement was for a military and economic estimate on our side in order to clarify our own thinking. Mr. Perkins asked Colonel Bonesteel what, if any, thinking was being done along the lines of developing unorthodox defense measures. Colonel Bonesteel replied that in general there was very little since it would not be very effective. It was true, however, that both Norway and Denmark with our support were thinking along these lines. They were not planning in terms of holding Scandinavian Peninsula and were developing an approach similar to that of the Swiss. Ambassador Harriman remarked that there was a great deal of work to be done and an aggressive start should be made immediately and that it would be a mistake to wait for the definitive planning.

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[22] For further documentation on the North Atlantic Treaty, see pp. 1 ff.
[23] Not identified in Department of State files.

V. Appraisal of Soviet Objectives and Tactics in Europe on Short Term Basis [24]

Ambassador Kirk began his remarks by referring to the difficulty of obtaining accurate information on Soviet capabilities and objectives. One thing, however, was increasingly apparent and that was the note of confidence which characterized Soviet pronunciamentos in recent months. The Russians gave every evidence of feeling that the tide was running in their favor. A direct result of this attitude was the expanding wave of worldwide revolutionary movements. He cited the mounting intensity of Soviet vituperation against the capitalist world in general and the United States in particular, as well as the UK, and noted the increased tension which the Soviet Government was developing among its own people. It was the view of the Moscow Embassy that Soviet pressure would be felt in all directions but that the two areas of particular interest were Germany and South East Asia. It was apparent that the Soviet Government would endeavor to strengthen its position in its own areas in Europe and its general position in Germany but he believed that the European operation as a whole was probably secondary, in Soviet planning for the next six months, to the achievement of their primary objectives in South East Asia.

With respect to Soviet methods it was probable they would continue to stall in treaty making matters, proceed with their process of sealing off all satellite areas including China, and as last year continue to dangle peace bait before public opinion. Their objectives in Europe will be to try to get us out of Berlin, Vienna and Eastern Europe and to encourage the development of the German Democratic Republic. Their activities will manifest themselves in peace movements, operations against the social democracy, strikes, opposition to arms shipments, and they will continue to use their parties for sabotage and subversive activities, particularly in France, Italy and Germany. In Yugoslavia there will probably be real activity although there is no evidence of pending Soviet overt military aggression, but they might well indulge in troop movements to invoke war scares and increase political tension.

In the economic sphere they would continue to orient their satellites and China more and more in the Soviet direction. The early announcements of a ruble bloc was not to be excluded. During the past six months in [*sic*] practically all trade negotiations by Western countries with Moscow have failed. The general trend of Soviet economic

[24] Further documentation on the Soviet Union's relations with other countries is scheduled for publication in volume IV.

policy was to create a large self-sufficient area. They disposed of certain economic weapons of their own which they would no doubt use in a selective manner against individual non-Communist countries in the pursuit of their objectives, and especially in order to probe for weak spots in the West's united front on trade restrictions. There had not yet been sufficient time to note effects of Western restrictions on essential materials, except for some outbursts by Soviet political leaders. It is also for consideration whether we should not control export of new trade practices and manufacturing processes.

With respect to Germany, Admiral Kirk believed they would press forward with the idea of unity and might even make their own peace treaty with the GDR and withdraw their troops to lay a basis for demanding the withdrawal of Western troops as well. The Ruhr loomed large in Soviet thinking about Germany. In France and Italy their immediate interests would be interference with arms shipments and in the latter country they would continue to exploit the land reform problem. The Austrian treaty would be delayed. Possibly the Russians expected Austria to fall into their hands as a ripe plum.[25] In any event it would cost but little to stall in that country. One should not exclude the possibility that they envisage a split Austria as the eventual solution of that problem. It was the Ambassador's personal belief in view of the Soviet lack of adequate petroleum reserves that petroleum was a primary Soviet objective in Austria. The personal conflict between Stalin and Tito would continue though there was evidence of its having become a little less sharp recently, and the Cominform anti-Tito mouthings had somewhat subsided. There was some indication that Moscow was gradually sealing off Yugoslavia for disposition at a later date.[26] Finland continued under pressure but would probably stand up. The Ambassador raised the question whether the United States had been as generous with Finland as it might have been.[27] He pointed to Soviet interests in the problems of the Middle East, particularly in Kashmir, Persia and Afghanistan, and noted that the Russians were active everywhere.

Ambassador Kirk emphasized the importance of South East Asia both as a source of highly strategic raw materials such as petroleum, tin, raw rubber, bauxite, and rice, the addition of which to the Soviet economy was as important as would be its resulting denial to its present users. He believed that the importance of this area and its products was such that for the immediate future the area would be the principal

[25] Documentation on the Austrian treaty negotiations is scheduled for publication in volume IV.

[26] Documentation on the Soviet-Yugoslav dispute is scheduled for publication in *ibid.*

[27] Documentation on United States policy toward Finland is scheduled for publication in *ibid.*

target of Soviet pressure although Berlin would no doubt continue to be tense.

Ambassador Kirk remarked that possibly the Soviets might be moving a little too fast. He referred to their continual insistence on the imminence of Western economic crisis and pointed out that no one knew to what extent their own propaganda might induce miscalculation on the part of the Kremlin. In any event, one could not close one's eyes to the fact that the Soviet Union had an armed force of over 4 million ready and equipped to fight; although the present employment of the Ground Forces appeared to be essentially defensive they could obviously go over to the offensive very quickly. It could be a fatal error to base one's calculations entirely on the assumption that since the Soviet Union have never started an aggressive war they would not do so in the future.

There were certain weaknesses in the Soviet Union which should be considered. The two basic shortages in terms of raw materials were those of rubber and petroleum. It was generally believed that there were no more large unexploited oil reserves available to the Russians. The other important weakness was that of the transportation system which in all respects, rail, highway and water, was not highly developed in a modern sense.

In conclusion Admiral Kirk stated that it was his estimate that at the present time the Soviet power complex was stronger than we in a temporary sense but not in terms of long-term strength. An index of this was of course industrial production. The Western world had no alternative but to be firm in its attitudes and policies and redress the balance of power.

Mr. Bohlen described the thinly veiled Cominform operations against the impending arms shipment to France and Italy. They had all the standard features of a controlled Communist operation but with one additional important factor. This was the evidence that they might be prepared to use the illegal apparatus in this connection. To do so would be contrary to traditional Leninist teaching and practice which reserved the illegal apparatus for an actual take-over of power. In the Communist operation against the Marshall Plan they did not do this but now in France the illegal cadres were alerted. This was clearly under orders from Moscow and contrary to the wishes of the local party leaders who believed it a fatal tactic. The complete subservience of the FCP had been demonstrated in the recent sudden change of Communist tactics in the French Assembly. In the labor field Communists had already lost the support of the non-Communist Unions and were losing even some of their own supporters. This operation

which appeared to be impending made no sense locally and could, if carried through to the end, only result in the destruction and demoralization of the local Communist cadres.

Assuming that these present indications proved to be correct and the Communists do in fact go all out to sabotage the arms deliveries, three hypotheses could be advanced in explanation. The first, and most optimistic, was that this operation represented evidence of extreme miscalculation on the part of the Politburo in believing that by such action they could in fact bring to a halt the arms shipments and disrupt the Atlantic Pact. The second hypothesis was that the Kremlin had some very important political move on the cards for this Spring for which they considered it worth expending their Communist cadres in Western Europe. The third hypothesis, while still unlikely, could not be completely ignored—namely, that the Kremlin intended to force a showdown this Spring, even involving war.

If the second hypothesis were correct the probable target was Berlin. It was Mr. Bohlen's definite feeling that the phenomenon he described in France and apparently in all Western Europe countries, if carried out by the Communists, was geared to a larger Soviet operation.

Ambassador Dunn stated that the Modena incident [28] was an example of the recent Communist use of strongarm squads brought from other areas. He also observed that the organization of Italian ports was being carried on by French Communists.

Ambassador Harriman stated that his only comment on Ambassador Kirk's presentation was with respect to Finland. It was his view that Finland had become a very dangerous point and that it was a subject we should be concerned with as a matter of urgency.

[28] Presumably Dunn was referring to the clash between police and foundry workers at Modena, Italy, on January 9, in which several workers were killed and wounded and which resulted in widespread strikes.

120.43/3–2450 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET Rome, March 24, 1950—8 p. m.

1241. From Perkins to Rusk [1] for appropriate distribution. Summary of points which were generally agreed to at meeting of Ambassadors in Rome March 22–24:

1. That as rapidly as practicable anti-Communist activities be developed on an expanded scale and that all necessary facilities including adequate financing be made available to this end.

[1] Dean Rusk, Deputy Under Secretary of State.

2. That the launching of a vigorous propaganda offensive designed to deprive the Soviet Union of the initiative gained through its peace campaign and recapture for the West the leadership in the world movement for peace is of high importance.

3. That it is desirable that the North Atlantic Treaty Council be convened early in May. In this connection it is felt that an enunciation of principles of peace by the North Atlantic Treaty Council might be a suitable means of recapturing the propaganda initiative and of reestablishing the basic principles to guide the members of the North Atlantic Treaty.

4. That there is an urgent need for an effective and continuing program of propaganda carefully prepared in consultation with missions in member countries in connection with the implementation of the North Atlantic Treaty.

5. That at its next meeting the NAT Council consider the establishment of a strong high-level means of direction within the NAT as a focus of decision and coordination of the political, economic and military policy of the participating countries within the objectives of the Pact.

6. That, as a matter of urgency, a US interdepartmental planning group determine the requirements necessary for establishing an adequate and timely military position for the North Atlantic area, evaluate the maximum practical economic, financial, and other capacities of the nations involved to meet these requirements with appropriate US military and economic aid and recommend a comprehensive program of action for the NAT, and the US, to achieve the requisite military position at the earliest practicable time.

7. Recognizing the political considerations that render it impracticable at the present time to utilize German manpower in the defense of Europe, the meeting, nevertheless, feels that as a short range objective, serious thought should be given to the immediate employment of German capacity to contribute to the defense of Europe by furnishing material and supplies as distinguished from military equipment for the purpose.

8. There should be a clarification of the relationship between the US and the UK throughout the world, including the role that the UK will play in European affairs.

9. That a study be made of overall world trade patterns, present and potential, in their relation to the exigencies of the cold war with a view to developing policies in regard to these patterns designed to maximize their value to the West and minimize their usefulness to the USSR. The future of Southeast Asia as a source of raw materials and as a contributor to the dollar needs of Western Europe would be a case in point.

10. That the preservation of Southeast Asia from Communism should be a cardinal point of our foreign policy and that all steps consistent with our capabilities and the local situation should be taken to hold that area. It was also felt that if Southeast Asia were lost, the effects on Western Europe would be grave and would seriously jeopardize the possibility of maintaining the European economic position at a level which would permit the containment of Communism in that

area. Furthermore, it was felt that this problem is of the utmost urgency and that immediate action should be taken to forestall such a disaster.

11. That attention be given to all aspects of the general problem of overpopulation in Europe. (This problem is of particular interest to the French and may be raised by Schuman.)

12. Meeting discussed Germany at length, recommendations follow separately.

Sent Department 1241, repeated Frankfort 42 for McCloy, Paris 131 for Harriman, pouched Moscow, London.

DUNN

762A.00/3–2450 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET ROME, March 24, 1950—8 p. m.

1242. The following reflects the views of the meeting on Germany:

The meeting agreed that we should continue with increased pace the implementation of our general policy throughout Western Germany, but with perhaps more emphasis placed upon the counter to the Soviet infiltration and propaganda which is now in the course of increased vigor. In this connection, the protest which is now being formulated against the creation of the East German army should be expedited.[1] The draft should be conceived in terms of an initial campaign to deprive Soviet propaganda of exclusive proprietorship of the peace concept and that the Allies are the "warmongers". We should next repeat on a tripartite governmental level the offer of free elections in Germany on the basis on conditions that we can agree to. The three Western Occupying Powers should reemphasize their joint responsibility and their common unified policy regarding Germany to counter the monolithic facade of Soviet policy and impress on the Western European nations, Western Germany and the Soviets, that the German problem is a joint endeavor of the Western allies.

1. Inasmuch as substantial indications point to a sustained propaganda attack on Berlin during the spring and summer with the possible objective of a full seizure of the city in view within the next year, and because of the symbolic character of Berlin, it is felt that vigorous and immediate efforts must be made with respect to Berlin. Not only is Berlin important as a symbol of our hold on Germany and indeed perhaps in Western Europe as a whole, but the centering of the Soviet

[1] Documentation relating to the tripartite protest against the creation of an East German Army is scheduled for publication in volume IV.

pressure on Berlin offers us what may be an excellent opportunity to set back Soviet policy in a definitive manner.

2. The meeting agreed that the retention of Berlin was vital to the attainment of US objectives in Europe and that, as a matter of priority, all practical steps necessary to relieve the pressing economic situation in the city should be taken. Funds should be provided, with sufficient flexibility given to the US High Commissioner in the use thereof, to enable him to take prompt and effective measures to oppose Soviet maneuvering in that area.

The meeting agreed that the next meeting of the Ambassadors should be in Berlin, probably in July.[2]

A tripartite or larger conference on the German refugee and expellee problem should be held to determine the extent of the problem and to investigate how many employables there are, how many could emigrate, who would take them, and how such a program could be financed. Representatives of the German Government should be invited to attend and consult with Allied representatives at this conference. (See paragraph 11 Embtel 1241 March 24.)

The policy of nonrecognition of the East Zone German Government by the nations of Western Europe should be rigidly maintained.

Sent Department 1242, repeated Frankfort 41 for McCloy, Paris 130 for Harriman.

DUNN

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[2] The location of the July meeting was subsequently changed to Frankfort and then the meeting was cancelled. Documentation on the agenda, including preliminary papers and cables, and assignments for the United States High Commission for Germany, is in CFM Files: Lot M–88: Box 151: Ambassadors' Conference.

MEETINGS OF THE FOREIGN MINISTERS OF THE UNITED STATES, THE UNITED KINGDOM, AND FRANCE, AT LONDON, MAY 1950

PREPARATIONS FOR THE MEETINGS

740.5/3–950 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET NIACT WASHINGTON, March 9, 1950—7 p. m.

1075. Pls deliver fol message from me to Bevin and Schuman if he is still in London (latter through Fr Emb).

"I believe that it wld be useful for us to meet again in the near future for another discussion of common problems. I also think it wld be useful to hold a mtg of the NAT Council for a substantive discussion by the 12 FonMins on how our common Pact objectives might be more vigorously pursued. This might mean a mtg of several days. If convenient to you and the other FonMins I cld come to Europe for a week or ten days beginning May 8. We are currently considering what topics cld most profitably be discussed bilaterally, trilaterally and in the Council and wld welcome your suggestions. I am sending a similar message to (Schuman–Bevin). If you both think well of this suggestion I will take it up at once with the other members."

Paris, please deliver above message if undelivered London.

ACHESON

[1] Repeated to Paris as 1028.

396.1 LO/3–1750

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

SECRET WASHINGTON, March 17, 1950.

FM D A–1.[1]

It is too early to come up with recommendations for specific agenda items for the meeting of the Council of the North Atlantic Treaty, tripartite meetings with Bevin and Schuman, and the bilateral meetings with Bevin and Schuman.

We do, however, have the following objectives:

1. To breathe new life into the North Atlantic Treaty. The Pact Council under the Treaty is empowered to set up such additional

[1] Regarding the series indicators of papers prepared in the Department of State for the Foreign Ministers meeting, see editorial note, p. 832.

subordinate bodies as it deems necessary. The establishment of some effective central machinery for which there seems to be considerable support is one possibility which is being explored in the Department. Another would be to reach and announce some important policy declaration covering matters falling under the objectives of the Pact. Studies on this are also going forward. One possibility is a declaration on principles of peace or a program for peace but if this can be worked out it may be more appropriate for the three Ministers rather than the Pact Council since it may have world wide implications.

2. To attempt to reach an understanding with the U.K. on what our basic relationship should be and on the roles which the U.K. and the U.S. can each play most effectively in the world.[2] To do this it will probably be necessary to have preliminary conversations discussing with the British, first of all, what our general objectives are, and secondly, how these apply to specific problems in the various parts of the world.

3. To arrive at an understanding on longer range objectives on Germany and what steps we should take to achieve these longer range objectives.[3] This again will take a fair amount of preliminary discussion with both the British and French. Although progress can undoubtedly be made on certain minor questions it is by no means certain that we will be prepared to propose specific solutions for the basic problems.

4. To discuss the problems which must be met to achieve progress on the political and economic integration of Western Europe, bearing in mind the problems presented by the inclusion of Germany. Questions such as E.P.U., if not clarified earlier, would come up under this heading.

5. To decide on what action we should take in connection with the Austrian peace treaty negotiations.[4] Actually we hope to achieve this before the meetings in May, but it may well be that the meetings in May will be an appropriate time to make an announcement.

6. To work out with the British and French policy in respect to Southeast Asia and Indo-China in particular.[5]

7. It is probable that in addition to the objectives listed above there will be other general and specific items which should be covered in the talks. There is attached for your consideration a very tentative outline of items which might be considered for inclusion as topics on the agendas for bilateral discussions with the British and French, the tripartite talks with both of them, and the meeting of the North Atlantic Council.[6] This outline is not intended to be the agenda for the actual meetings but more an agenda of items which may be discussed in preparatory meetings. We have in mind sending an advance party to London for such talks about three weeks prior to your meeting.

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[2] For further documentation on United States relations with the United Kingdom, see pp. 1598 ff.

[3] Further documentation on the question of Germany is scheduled for publication in volume IV.

[4] Documentation on the negotiations for an Austrian state treaty is scheduled for publication in *ibid.*

[5] For documentation on United States policy toward Southeast Asia and Indochina, see vol. VI, pp. 690 ff.

[6] Not printed.

This or a similar group would also hold preparatory talks with the French. The preliminary meetings will determine how much of this in addition to the points listed above may need to be discussed in the official meetings.

It should also be noted that we have not heard from Britain or France on the agendas. Further consideration here may also add or subtract items now listed.

740.5/3–2450 : Telegram

The Secretary of State of the Embassy in the United Kingdom [1]

SECRET NIACT PRIORITY

WASHINGTON, March 24, 1950—7 p. m.

1342. Deliver fol personal msg from Secy to Bevin in response to his reply of Mar 20 through Brit Emb to msg contained Deptel 1075, Mar 9: [2]

"I am glad that you and Mr. Schuman, from whom I have also heard,[3] share my belief that talks between us about May 8 would be useful. I look forward to receiving your suggestions as to questions which you believe could profitably be discussed. Mr. Schuman has suggested Germany, an exchange of views on the general evolution of our relations with Eastern Europe and Indo-China and more generally Southeast Asia. He suggests, and I fully agree, that specific problems should be considered within the framework of overall policy. I am especially impressed by that point as I believe this should permit fruitful consideration of what part each can play individually and collectively toward attaining our common objectives in specific fields.

I am informing Mr. Schuman that I agree to the inclusion of the topics he has suggested.[4] I am also suggesting to him that we might include a review of problems of the Austrian Treaty and perhaps other problems, such as possibilities of closer association of countries of Europe and the North Atlantic area, under overall framework of common objectives.

As you forecast in your message to me, Mr. Schuman indicated some reservation with respect to the holding of a meeting of the Pact Coun-

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[1] Repeated to Rome as 1061 for Perkins who was attending a meeting of the United States Ambassadors in Western Europe. For documentation on this meeting, see pp. 795 ff.

[2] Not printed; in it Bevin welcomed Secretary Acheson's proposal to go to Europe and agreed that such a trip would provide an opportunity to hold a meeting of the North Atlantic Council. In a subsequent message transmitted through the British Embassy, not printed, Bevin sent his suggestions on the subjects which might be discussed. (396.1 LO/3–2150 and 3–2450)

[3] Presumably a reference to a note from the French Foreign Office to Ambassador Bruce a translation of which was transmitted to Washington in telegram 1317, March 21, not printed (740.5/3–2150).

[4] The complete text of the note to Schuman was transmitted in telegram 1301, to Paris, March 24, not printed (740.5/3–2150).

cil, mainly on the ground that he thinks a meeting might be premature, that Article 2 of the Pact may be the only field to which attention could usefully be directed and that it might not be opportune to discuss specific political questions in the Council. He believes such questions might more properly be the subject of tripartite discussions, as the most urgent of them such as Southeast Asia and Germany do not directly concern the majority of the Pact signatories. I have urged Mr. Schuman to consider further the desirability of holding a Pact Council meeting and am expressing following views to him: 'I agree with you that many specific problems are more appropriate for tripartite than Pact discussions but believe it would be particularly helpful for the twelve Foreign Ministers to have the opportunity this spring to review general developments germane to the Pact since its creation. I feel it would be most useful to have certain meetings of the Council at Foreign Minister level so that the potentialities of the Pact, which have to date been concentrated on military matters, may be more fully realized. This might include some consideration of strengthening the organization through creation if desirable of additional central machinery to assist in carrying out the purposes of the Pact and of what might be done under Article 2. I agree that any developments under Article 2 will require long and careful consideration. I believe that specific consideration of its implementation should be preceded by Council discussion along the broad lines I have indicated and would expect at this meeting of the Council only a very preliminary exploration of the question of possible steps in connection with Article 2 and some agreement on guidance for its further study.

Mr. Bevin has told me that he feels a Pact meeting would be desirable and several of the smaller countries have also expressed to us a strong feeling that a Council meeting is necessary and desirable.

I hope that a Pact Council meeting along these lines will appeal to you. I had hoped on one trip to Europe to be able to have private conversations with you and Mr. Bevin, tripartite discussions and also attend the Pact Council. It would be very difficult for me to make two trips to Europe in the next few months. I have had in mind that at least portions of our bilateral and tripartite discussions would occur before a meeting of the Pact and that in these first meetings we would, among other things, discuss Pact problems. I would also envisage early diplomatic preparation for the bilateral and tripartite talks and believe we should also prepare carefully for the Council meeting, using the mechanism of the International Working Group here in Washington.[5] I would appreciate your further views on the desirability of a Council meeting, particularly since this question must be discussed with all Pact members. If there is agreement on holding it the I.W.G. should be convened at an early date for preparatory work on the agenda.' I hope you will feel able to join with me in urging the desirability of a Pact meeting on Mr. Schuman.

As to the third paragraph of your message, I am agreeable to the holding of the tripartite and the Pact Council meetings in London as well, of course, as our own private discussions. I feel I should also

[5] For documentation relating to the work of the NATO Intergovernmental Working Group, see pp. 611 ff.

talk to Mr. Schuman and I am considering stopping in Paris on my way to London for that purpose."

ACHESON

Editorial Note

In preparation for the ministerial meetings in London and for the bilateral and tripartite talks scheduled to precede them, appropriate offices of the Department of State began in March to draft position papers on various topics. These were assembled under eight categories: (*a*) General, (*b*) European Affairs, (*c*) Far Eastern Affairs, (*d*) Near East-African Affairs, (*e*) German Affairs, (*f*) United Nations Affairs, (*g*) Economic Affairs, and (*h*) Public Affairs and were prefaced with the indicator "FM." Within each category numbers designated separate topics and the various drafts on the same topic were indicated by letters after the numbers. Thus a paper on progress in implementing the North Atlantic Treaty, which was the second revision of an earlier draft on the same subject, was labeled FM B–2/1*c*.

The pattern for this geographic and topical arrangement was presented in a memorandum of March 16 by the Policy Reports Staff of the Executive Secretariat, FM Memo No. 2, not printed, which assigned topics and deadlines for submission of the position papers. Copies of this memorandum, together with a revision of April 14, FM Memo No. 2*b*, which listed the proposed and complete position papers, and a revision of April 30, FM Memo No. 2*d*, showing the clearances by the Department and by Secretary Acheson for each paper, none printed, are in the CFM Files: Lot M–88: Box 148: FM Memos 1–14. These lists and other explanatory papers collected in Lot M–88 are the basis for the identification of agenda items and position papers referred to in documentation on the London meetings.

The position papers, which numbered more than 80 by the end of April, were prepared according to directions set out in FM Memo No. 3 of March 22, not printed. According to these directions their format was to be as follows: (1) *Problem.* A brief statement of the problem in terms of obtaining British, French, tripartite or NATO agreement to a particular line of action, (2) *Background.* A statement of the relationship of the problem to the broader aspects of United States policy and a review of previous agreements or discussions on the matter, (3) *Discussion.* Review of the Department of State's current thinking and the reasons for the recommendations presented, with identification of other possible courses of action and reasons why they had been rejected, and (4) *Recommendations.* The specific proposals to be advanced and alternate positions which might

be acceptable in the bilateral, tripartite or NATO discussions. Many of these papers were revised before or during the London meetings, and a complete file of them is in the CFM Files: Lot M–88: Box 149.

In the same lot file are background papers, agenda of various meetings held during the London talks, and papers from the Joint Chiefs of Staff expressing their views on the position papers submitted to them. Lot M–88 is a consolidated master collection of the records of conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center.

396.1 LO/3–3150: Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfort

SECRET WASHINGTON, March 31, 1950—8 p. m.

2219. Personal for McCloy from Byroade. Wld like give you present status of our thinking and planning for May Conf of Fon Mins. Conferences are expected begin on May 8 and to include bilateral talks with Schuman, bilateral talks with Bevin, trilateral talks and Atlantic Pact talks in that order. It is contemplated that preliminary bilateral and trilateral talks on lower level will be held in Paris and London prior to Secretary's arrival.

Discussions are now going on with Brit concerning agenda. No firm agenda has yet been agreed. Subjects will include problems in Far East, Near East, Eur and United Nations as well as broad economic problems. It is hoped review with Brit our world wide objectives and roles which each country can play in achieving these objectives. It is hoped that much of discussion can be fitted into framework of our cold war objectives. With particular reference to Eur, much thinking is going on in Dept as to ways and means of achieving strengthened Western organization both economically, politically and militarily. We hope particularly to consider Ger in this context rather than entire problem in itself. We feel that if real progress can be made on the question of strengthening Western organization, together with a decision to incorporate Ger into such organization, the main outline of our Ger policy will be fixed.

We also feel that it wld be dangerous to over-emphasize the discussion of specific Ger problems from the point of view of public relations. We are not sure what can come out of specific discussions on Ger which cld be satisfactorily announced to the public.

The Brit ideas seem to involve giving Ger a more prominent place on the Agenda for tripartite talks. They propose Ger as the first item on the Agenda with following specific subjects for discussion:

(*a*) Germany and the West.

(i) Economic
(ii) Political

(*b*) Soviet designs in Ger and possible Western countermeasures.
(*c*) Berlin.
(*d*) Ger internal economic situation.
(*e*) Expellees.
(*f*) Ruhr authority.
(*g*) Defence of Ger.
(*h*) Ending the state of war.

The only info we have on Fr ideas is the fol statement in letter from Schuman to Secretary:[1] "With regard to Germany, I think we should examine in particular how the arrangements which we made in Paris last Nov[2] have been applied and what the results have been. Certain new proposals such as that posed by the economic position of Ger cld also be examined."

While we do not believe that all items on Brit list can be usefully discussed by Mins, some of them can perhaps be taken up in preparatory talks. Wld welcome your view on whether any additional items should be proposed for Agenda. We feel that we shld not propose additional items unless it is clear that their discussion by Mins is essential to further progress of work in HICOM. Only specific subj on which we feel this may be situation is decartelization.

We are preparing papers on the subjs in Brit list plus the question of Ger unity. We are sending airmail copies of all preparatory papers so far distributed, some of which will give you an idea of the general trend of thinking. We will try to keep you informed of preparations and get positions on Ger subjs to you for comment as quickly as we can. We will welcome your comments on any of the subjs and will undoubtedly ask you later to do the main preparation on some subjs.[3] [Byroade.]

ACHESON

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[1] The letter under reference here is presumably that referred to in footnote 3, p. 830.

[2] For documentation on the Foreign Ministers meeting at Paris, November 9–11, 1949, see *Foreign Relations*, 1949, vol. III, pp. 594 ff.

[3] Following receipt of this telegram, the Office of the U.S. High Commissioner for Germany began preparation of a set of briefing papers on Germany. A complete set of these papers, covering some 21 topics, is in the CFM Files: Lot M–88: Box 150: HICOG Briefs.

396.1 LO/4–750 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, April 7, 1950—7 p. m.

1573. Fol agreement with Fr and Brit Embs schednle May mtg: Secy arrive Paris May 7 for discussions May 8 Schuman; proceeding London for discussions May 9–10 Bevin; with Bevin and Schuman May 11, 12, 13; NAT Council mtg May 15, 16 and 17. (NAT govts have been asked to confirm.) Advance party probably commencing preparatory talks Apr 24 Lond. As Fr have agreed sending Advanced group Lond all preparatory talks will probably be held there. You will be informed soonest composition groups.

ACHESON

[1] Repeated Paris 1533, HICOG 2385.

396.1 LO/4–1750 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, April 17, 1950—7 p. m.

1731. ReDeptel 1560, Apr 6.[2] Fol agenda tentatively agreed by UK, Fr Embs:

Fr Bilateral

1. Review and agreement on common objectives in light of current world-wide situation.

2. Franco-Amer relations. Review of mil, polit, fin and econ commitments.

3. Indochina in context of problem of SEA.

a. Mil and econ asst to Indochina.
b. Situation in SEA.

4. Strengthening Eur and No Atlantic areas.

a. NAT orgs.
b. Polit and econ integration of Eur.
c. Long-term development of econ relationships with US.
d. Germany.

5. Colonial development in Africa.

[1] Repeated to Paris as 1676 and to Frankfort as 2630.

[2] Not printed; it transmitted the text of a tentative agenda which, subject to minor differences, is the same as that transmitted in this telegram (396.1 LO/4–650).

Brit Bilateral

General

1. Review and agreement on common world-wide objectives in light of assessment of our current position in cold war.

2. In framework of common objectives agreed to under 1, to determine what needs be done and in general what each of us shld undertake.

3. What are factors arising from UK–Commonwealth and sterling area ties and other UK obligations which need be taken into account in considering role UK shld play in Eur and other parts of world?

4. What shld UK–US relationship be and what roles can each play most effectively in obtaining common world-wide objectives including overcoming of present deficiencies?

5. What is best means of assuring as a corollary to above questions the continuous survey of world-wide commitments and capabilities of both partners to determine necessary adjustments?

Specific

Fol specific subjs shld be discussed within framework outlined in Points 1 thru 5 above (depending on developments and preparatory work some of the subjects listed may be dropped):

6. Western Eur and NA area.

   a. NATO
   b. Econ and polit integration
   c. Germany's relationship to above

7. Eastern Eur

   a. General attitude towards Sov Union, incl question of mtgs, if any
   b. Satellites
   c. Yugoslavia
   d. Trieste

8. Japan

9. SEA, especially Indochina

10. Near East, incl

   a. Arms shipments to Israel and Arabs
   b. Egypt

11. Subcontinent of India, especially Kashmir

12. China

13. The Colonial question

   a. Brief discussion for purpose of identifying main problems on which later conversations might be conducted.
   b. Econ development
   c. Future of Africa

14. Libya and Eritrea

Tripartite

General

1. Review and agreement on common world-wide objectives, in light of assessment of current world-wide situation.

Specific

In framework of common objectives agreed to under item 1. what needs be done on subjs listed below?

2. Review and determination of what needs be done to achieve closer assoc of Eur and NA areas.

a. NATO
b. Eur polit and econ integration

(i) long-term development of econ relationships with US
(ii) migration

c. Germany

3. Ger Problems
4. Austrian Treaty Problems.
5. SEA

a. Indochina

6. UN developments

a. Chinese representation—Sov walkout
b. Lie's proposal special mtg Security Council

7. Colonial question

a. Brief discussion for purpose identifying main problems on which later conversations might be conducted.
b. Econ development
c. Future of Africa

8. Gen attitude towards Sov Union. Shld there be negots and, if so, in what forums?

9. Advisability of and means of continuously reviewing worldwide commitments and capabilities and most effective manner of conducting future discussions of this nature.

New Guinea will be discussed with Brit under point 9 of Bilateral and Iran, Saudi Arabia and Palestine Relief Agency under 10. PRA also be discussed bilaterally with Fr. Ger problems enumerated Deptel 1560 [3] will be discussed under 3 of tripartite and Fr have indicated they will raise Law 75.[4]

ACHESON

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[3] These problems were: "1. Soviet designs in Germany and possible Western countermeasures, 2. Berlin, 3. German internal economic situation, 4. Expellees, 5. Ruhr authority, 6. Defense of Germany, 7. Ending state of war, 8. German unity."

[4] The reorganization of German coal and iron and steel industries.

TRILATERAL PREPARATORY MEETINGS

740.5/4–2750 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET LONDON, April 27, 1950—1 a. m.

Secto 23.[1] From Jessup. Second trilateral discussion,[2] Wednesday p. m.[3]

1. Agenda item I. Strang[4] requested Jessup[5] to lead off. Latter suggested that assessment of the world situation should precede a definition of objectives. Bohlen gave brief review of A–8*b*.[6]

2. Jebb indicated general agreement. Certain differences in emphasis:

(*a*) On Soviet credit side A–bomb has increased Soviet confidence and increased respect of neutrals for Soviet power.

(*b*) China victory balanced against Tito defection is net gain for Soviet; potential development of China outweighs propaganda loss through Tito defection.

(*c*) Soviet has had success in stirring up discontent in dependent areas.

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[1] The series indicators Secto and Tosec were used, respectively, to designate telegrams to and from the United States Delegation through the Embassy in London.

[2] The first trilateral meeting (organizational) had been held on April 24 at 10:30 a. m. at which time it was agreed that a special effort would be made to divide the topics into those on which recommendations would be made to the Ministers, those which the Ministers would resolve, and those which did not need to be settled at the ministerial level. Special attention would also be given to subjects which were susceptible of inclusion in a final communiqué. Secto 4, April 24, from London, not printed (396.1 LO/4–2450). The records of decisions and preliminary papers for the six trilateral preliminary meetings are in the Conference Files: Lot 59 D 95: CF's 18–19. Lot D 95 is a collection of documentation on official visits of foreign dignitaries to the United States and on major international conferences for the years 1949–1955, as maintained by the Executive Secretariat of the Department of State.

[3] April 26 at 3:30 p.m. in the Foreign Office.

[4] Sir William Strang, Permanent Under-Secretary of State for Foreign Affairs, led the British Delegation for the preliminary talks. He was assisted by Sir Ivone Kirkpatrick, Permanent Under-Secretary of State for the German Section; Sir Roger Makins, Deputy Under-Secretary of State for Foreign Affairs; Sir Gladwyn H. M. Jebb, Deputy Under-Secretary of State (Political) for Foreign Affairs; Sir Frederick R. Hoyer Millar, Deputy Under-Secretary of State for Foreign Affairs; Michael R. Wright, Assistant Under-Secretary of State for Foreign Affairs; and Sir Maberly E. Dening, Assistant Under-Secretary of State for Foreign Affairs.

[5] Ambassador at Large Philip C. Jessup, Head of the United States Delegation for the preliminary talks. Other members of the United States Delegation were George W. Perkins, Assistant Secretary of State for European Affairs; Julius C. Holmes, Minister at London; Henry R. Labouisse, Jr., Director of the Office of British Commonwealth and Northern European Affairs; Leroy D. Stinebower, Director of the Office of Financial and Development Policy; and G. Hayden Raynor, United Nations Adviser of the Bureau of European Affairs.

[6] Regarding FM D A–8*b*, see FM D A–8, p. 857, and footnote 2 thereto.

3. On West credit side:

(*a*) NAT is heavy increase.
(*b*) Until recently strengthening in West German Government outweighed Soviet's success in East German Government. (The essential thing is to get Germany on our side.)
(*c*) Considers assist in Tito defection but should not exaggerate its importance.
(*d*) Our propaganda counter-offensive recently in UN Assembly is gain. Soviet always has and will act with caution. Therefore, even with stronger position, doubts calculated Soviet overt act in next several years, at least until she gets preponderance of force. Soviet miscalculation possible however.

4. Massigli [7] comments on Bohlen-Jebb analysis:

(*a*) Called attention to more fundamental point—Soviet peace offensive,[8] stating their emphasis on "peace" much more effective than ours on "cold war". He noted Soviet determination to use horror of war to propaganda advantage re European populations. Urged we keep this fundamentally in mind.
(*b*) Referred to propaganda advantage of Soviet from A-bomb. Need to realize demoralizing effect of A-bomb propaganda to public ignorant of significance and potential of bomb.
(*c*) Interested that Bohlen mentioned Middle East as danger zone. Sorry not on agenda. Also noted that US–UK speak of Germany in Soviet context but reminded us that Germany is a problem, per se, on the continent.
(*d*) Must consider force of Soviet fifth column in ideological field because of slogan "we have formula of future". As we build our defense we must present our ideals in equally effective manner.
(*e*) Referring to pact as credit on our side, note must be made effective or pact will be a drawback. Since Soviet might try to start trouble or crisis, there is need for haste to make pact effective.

5. Jessup comments on foregoing. Noted theme of Massigli's comments: Importance and skill of Soviet propaganda. Agreed must not minimize that, especially its effect on peoples as contrasted to officials and felt French contrast "peace" vis-à-vis "cold war" valid point.

6. Strang summed up that there is a general measure of agreement among the three and turned to our objectives.

7. Again Jessup was asked to lead off, which he did by summarizing B–20*c*.[9] Effective presentation.

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[7] The French Delegation to the preliminary meetings was headed by René Massigli, Ambassador in the United Kingdom. He was assisted by Guy Le Roy de la Tournelle, Director General of Political Affairs; Hervé Alphand, Director General of Economic Affairs, Foreign Ministry; Philippe Baudet, Jean Le Roy, and Claude Lebel, Counselors of the French Embassy in the United Kingdom.
[8] Documentation on the Soviet peace offensive is scheduled for publication in volume IV.
[9] *Infra.*

8. Jebb responded by noting agreement and reading a short statement of UK on objectives:

(*a*) In non-Communist world develop resistance to Soviet penetration by creating, perhaps through NAT or some other means, a social, economic or political system more attractive than Soviet.
(*b*) We should appeal not only to our immediate allies and free world but also marginal peoples and potential defectors from Soviet system.
(*c*) West Germany should come in to West but not East Germany, at least for a year or so.
(*d*) Take whatever action short of type leading to acute crisis which would weaken Soviet system and maintain firm position re direct Soviet relations since relaxation by the Soviets is not [to] be expected.

9. Massigli agreed in general with Jessup and Jebb but felt must have priorities, long term and short, must mobilize resources. Also emphasized need for practical results. Urged caution in using slogans so general as to be provocative or which can be manipulated to prevent our intention. Illustrated by reference "National independence" which as slogan can have dire consequences. He wished to return to this point later in particular cases. Emphasized that in strengthening ourselves we should not abandon our UN objectives.

10. At beginning of today's talks Massigli suggested a drafting subcommittee to develop framework for the Ministers final declaration at end of talks. Jessup had demurred, saying that if, in course of talks, we should consider statement wise we could then establish a subcommittee. At this juncture in "objectives" discussions Massigli again alluded to subcommittee to sketch a declaration, arguing expedient to publish statement indicating our anxieties, charter for a free world, common world objectives, as counter to Russian propaganda. Urged early drafting such statement so as not be left to last minute. Jessup indicated Massigli proposal a little more elaborate and formal than we had anticipated. If we want a statement agreed it should be planned in advance. Requested time to consult Department. Raised question, and Jebb agreed, of relationship of proposed statement to possible NAT declaration suggesting latter possibly more appropriate.

11. (Alphand in conversation with Jessup spoke of French admiration for Secretary's last speech [10] and suggested it might be model for shorter statement by Big Three).

12. Strang skipped to agenda item "General attitude toward Soviet", B–21*b*.[11] Again Jessup led off summarizing paper. Massigli

[10] Presumably a reference to Secretary Acheson's address at the University of California at Berkeley on March 16 concerning the tensions between the United States and the Soviet Union, which is printed in the Department of State *Bulletin*, March 27, 1950, pp. 473–478.
[11] Regarding FM D B–21*b*, see Secto 14, p. 863, and footnote 2 thereto.

stated broadly in agreement. Emphasized door must not be closed to Soviet negotiations. No government can rule out possibility and must be on watch for any opportunity to negotiate. Agreed US–UK–French must talk among themselves and seize such opportunity. Argued Security Council does not meet forum requirement unless Soviet returns. Put this way, he argued, negotiations would have to be postponed. Jebb not sure UK in agreement with US and France. In UK no insistent clamor for negotiations as Jessup referred to UK [*US?*]. UK would view with alarm general negotiation in which we would likely "come off second best" at least propaganda-wise. Would regard negotiations in Security Council with "foreboding" but would agree to something like Lie proposal if no way could be found to avoid it.

Comment—Two discussions with British this subject makes it abundantly clear they strongly against negotiations Russians now if can possibly be avoided and if must be held feel should be confined to some specific subject rather than on broad basis.

13. Bohlen pointed out that our feeling that we would have to face up to a negotiation in certain circumstances was only prudent forethought, not a proposal. He indicated issue is not only pressure of public opinion but also question of allowing Russian initiative to catch us unprepared and without agreement. He argued we should never get in position of being terrified to talk to the Russians. Soviet propaganda may in fact be inhibited by a meeting. We should not get in position of expecting to lose. He referred to Jessup-Molotov [*Malik*] talk and CFM as essential in our Berlin blockade victory.[12] Jebb responded that this case example of specific, not general, negotiation.

14. Massigli argued aim is not negotiation but durable peace. One purpose of negotiation is to make adversary yield. There must be some basis for compromise. We must "safeguard West interests without making East lose too much face. If we do not want inevitable war we must concede something to Soviet." There is little possibility to a truce in our relations with Soviet. We should not invent an opportunity for negotiation but should be prepared to seize it if presented. In the present psychological situation, public opinion would force us to seize it. Not a question of "negotiation at any price" but a question of "not losing an opportunity."

15. Jessup referred to Secretary's California speech and his point that Soviets respect situation of fact, i.e., situation of strength. We do not want to contemplate entering Soviet negotiations in which our gesture would be construed a weakness. If we had adequate situation of strength we might now anticipate usefulness of negotiation.

[12] For documentation on the Jessup–Malik talks and the lifting of the Berlin blockade, see *Foreign Relations*, 1949, vol. III, pp. 694 ff.

16. Jebb understood that Jessup feels that now is not the time for general negotiations though US is not foreclosing on specific. Jebb argued you can have a "truce" as Massigli mentioned, without any negotiations.

17. One inferred from Massigli that negotiating opportunity perhaps not distant. He noted agreement of commanders of Berlin on Commandatura.[13] Considers this "interesting symptom". We must take account of the moral question of whether we are to negotiate or not. At this time he does not see a basis or opportunity for negotiation.

18. Jebb emphasized distinction between negotiation on broad general matters and on limited specific matters. He saw less danger in specific. Wanted agreement on that.

19. Adjourned without conclusion on this point. Schedule for resuming on this issue not set.

20. Department please advise on statement discussed above paragraph 11. (See separate telegram.[14])

[13] The reference here is unclear. Probably Massigli was referring to the meetings of the Berlin Commandants, following the Paris meeting of the Foreign Ministers in 1949. For documentation on this, see *Foreign Relations*, 1949, vol. III, pp. 751 ff.

[14] In Secto 21, April 26, from London, not printed, the United States Delegation repeated the substance of paragraph 10 and urgently requested preliminary guidance. In Tosec 19, April 27 (3 p. m.), to London, not printed, the delegation was advised "that Mins communiqué shld deal with consideration of world-wide problems but that wider forum of Council shld be used for declaration of principles." (396.1 LO/4–2650)

CFM Files: Lot M–88: Box 149: May FM Meeting B Series

Paper Prepared in the Bureau of European Affairs

SECRET — WASHINGTON, April 19, 1950.

FM D B–20*c* [1]

FUNDAMENTAL COMMON OBJECTIVES

Our fundamental common objective can be stated in many ways but in simple terms it is to achieve the kind of world in which freedom can endure, a world in which all men are assured the inalienable rights of life, liberty and the pursuit of happiness.

[1] Three earlier drafts of this paper, FM D B–20, 20*a*, and 20*b*, dated April 4, 11, and 14, respectively, none printed, are more extensive and divide the objectives into basic, moral, political, military, and economic targets (CFM Files: Lot M–88: Box 149: May FM Meeting B Series). Two subsequent drafts, FM D B–20*d* and 20*c*, dated April 27 and May 4, respectively, neither printed, are also in the CFM Files. The former is the same as FM D B–20*c* except for minor textual changes, while the latter incorporates the views of the Joint Chiefs of Staff (FM D B–20/1, May 3, not printed) on FM D B–20*b* and FM D B–20*d*. (CFM Files, *ibid.*)

A review of the current world situation and of Soviet intentions and capabilities indicates that: (1) the Soviet leaders consider themselves engaged in an irreconcilable struggle against all non-Communist countries, (2) their basic strategy is to exert constant pressure wherever non-Communist capacity or will to resist is limited, and (3) the free world contains many weak spots against which the Kremlin is exerting heavy pressure but which the West cannot afford to lose.

Faced with this situation it is essential for the West, and primarily for France, the UK and the US as the three powers with major world-wide responsibilities, if they are to attain their fundamental objective or even to survive, to do two things:

1. To prevent extension of Soviet-Communist domination over additional areas of the free world by armed aggression, indirect aggression or subversion.
2. To regain and retain the psychological initiative in order to bring about the eventual defeat of Soviet-Communist aims by moral rather than armed force.

To accomplish these two things it is necessary to do most urgently what we should be doing in any event—to press forward vigorously with the positive and constructive development of the free world. In Mr. Bevin's words, Western civilization can be saved only "by such a mobilization of moral and material force as will inspire confidence and energy within and respect elsewhere." Such a mobilization must be accelerated if we are to prevent further, and possibly disastrous losses; to bring about Soviet recognition of the need to reach a mutually satisfactory *modus vivendi* with the free world, and eventually to render Soviet-Communism harmless.

This mobilization will require giving concrete reality to essential unity of purpose and action, dynamic faith in the free way of life, courage and hope. More specifically, it will require the establishment of appropriate means adequate to:

1. Build the economic strength necessary to support the requisite increased defense effort and at the same time to permit normal improvement in standards of living. This in turn will involve wherever possible: (*a*) coordinated policy and concerted action, (*b*) subordination of economic nationalism to overriding common interest, (*c*) possible reallocation of priorities of effort, (*d*) increased productivity, (*e*) developing wherever possible freer trade and investment, convertibility of currencies and more effective use of available manpower, and (*f*) finding and making the economic adjustments necessary to build the requisite economic strength through normal economic means and mutual aid without the need for extraordinary financial assistance.
2. Build faith in freedom into a dynamic force, rather than something taken for granted; increase public understanding of nature, methods of danger of the forces by which it is threatened.

3. Review continuously problems of common concern, formulate coordinated policies and execute them by concerted action.

France, the UK and the US have primary responsibility for leadership in these fields but the active participation of other Parties to the NAT and other members of the Commonwealth and the cooperation of other free nations and dependent peoples is essential. Each must have adequate opportunity to participate in the formulation and execution of policies of direct concern to them, utilizing all available agencies, including those of the NAT, the Commonwealth and the UN. It is particularly important to insure that the peoples of Germany, Southeast Asia, the Near East and Africa be convinced that their legitimate aspirations for greater freedom and a higher standard of living can best be realized under the free way of life and in cooperation with France, the UK, and the US.

It is also important to maintain a vigorous united front with respect to the USSR and its satellites, to advance, in any dealings with the USSR, just and sound positions which the USSR can neither reject nor accept without some benefit to the free world, and to penetrate the Iron Curtain by all practicable means with true factual information so as to expose the peoples of the Soviet Union and the satellites to the truth regarding the character and intentions of the US and the free world and to stimulate and encourage the growth of the desire for freedom among the peoples of the Soviet world.

396.1 LO/4–2850 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 28, 1950—1 a. m.

Secto 36. Opening second [*third*] tripartite meeting Thursday afternoon [1] Sir William Strang suggested the group address self to three problems: (1) is there need for closer association among the NAT treaty powers with respect to work now being done and if so is new machinery required to bring about this closer relationship; (2) is there need of closer association for work which is not now being done by NATO but which might be undertaken e.g. as envisaged in Article 2. If so what machinery is required for this work; (3) if the answer to two is in affirmative in what way would new machinery relate to other existing organizations.

[1] Held April 27 at 3:30 p.m. at the Foreign Office.

Massigli requested that before discussing these points he be brought up to date on work on international working group in Washington and in consequence Hoyer Millar summarized current developments. It was agreed it would be useful for members of tripartite meeting to give their representatives in IWG as much in the way of preliminary views as possible on question of establishment of permanent machinery but that we should not put agreed plan before IWG.

Perkins then led off with indication of current US views in following terms: we believe answer to first question raised by Strang is in affirmative, that there is need for central machinery to coordinate and give impetus to work of defense and military committees and any other bodies that may be established. On point two we believe answer is also yes; we believe there are two and possibly three lines on which further action is required in addition to urgent question of coordination of finance and military aspects defense programs; viz: (*a*) coordination of programs relating to pact matters; (*b*) further coordination of foreign policy questions related to objective of pact. In addition he suggested consideration should be given to possibility of need for work on economic questions in addition to those referred to above. He indicated that organizationally he felt permanent committee composed of deputies to council members required to perform these functions; that, in addition, executive of real ability was required composed of vice-chairman or secretary general or something similar aided by international staff. Also assume deputies would have small staffs of own to carry on committee work.

Alphand then indicated French views which were somewhat at variance with those suggested in bilateral discussion this morning.[2] Agreed need central body to give coordination and propulsion present finance and military committees; agreed with Perkins suggestion of permanent deputies but stressed need for strong executive arm headed by high ranking secretary general. He agreed that there were economic problems which faced west as a whole not simply Europe with which no organization was now dealing directly. At present ECA–OEEC relationship provided a link on economic matters between US and Europe but this would disappear when ECA came to end. In this connection, and at other points in discussion, he emphasized French view that OEEC should continue beyond ERP period. Because fact number of countries not NAT members he felt NAT could not provide necessary economic link. Underlying objection which emerged in course French discussion is French objection associating Germany with NAT in any way. As solution to problem of providing economic

[2] For a report on the first U.S.-French bilateral talks, see Secto 31, April 27, p. 894.

link he suggested that after 1952 US and Canada might be asked to meet with OEEC, not as members, but as associates for discussion of specific common problems. He made clear that despite US and Canada association with organization OEEC should remain a European organization primarily concerned with European problems.

Jebb then indicated UK views, stressing their preliminary character. Agreed was need for new pact machinery to effect better coordination between military and finance aspects of defense effort. Agreed in general Perkins' suggestions as to composition but obviously favored much weaker executive arm than French. Again referred as in bilateral discussion earlier [3] to difficulty of getting working arrangement among 12 countries and need for some streamlining through establishment inner group or otherwise. He felt answer respecting new work was less clear. If pact broadened to include foreign policy and Article 2 questions he felt consequences which would follow would be at variance with those flowing from plan proposed by Alphand. He felt both schemes should be looked at in relation to Germany and questioned whether Alphand scheme would satisfy requirements of German situation. Broader pact as outlined by Perkins would he felt gradually take over from OEEC and also eventually lead to association Germany with non-military aspects NAT. Makins added that they did not feel Article 2 should be allowed to atrophy and added that they felt that pact permanent body should be developed gradually. Until 1952 and probably longer OEEC would be a going concern. Question of relationship between it and any economic machinery under pact could be considered at a later stage.

He questioned whether, as suggested by Alphand, it was possible to separate defense economic questions from other economic questions and felt that, increasingly, economic questions of all kinds would tend to be discussed under pact machinery.

Alphand reiterated fact that French did not want Germany in pact but would want Germany associated with OEEC and other western countries on economic questions. He believes NAT should confine itself in economic field primarily to military supply questions. Makins felt German affiliation with pact machinery could be accomplished by clear differentiation of military and non-military aspects of pact.

Massigli felt that any method of associating Germany with North Atlantic machinery would cause deeper cleft between east and west and might lead to German rearmament. Alphand added it would also lead to death of OEEC.

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[3] For a report on the second U.S.–U.K. bilateral talks under reference here, see Secto 13, April 25, p. 860.

Strang reiterated that UK did not feel Germany should be associated immediately with any NAT machinery and that as first step Germany should become member of Council of Europe; in meanwhile pact machinery might develop so that eventually Germany and other countries could be associated with non-military machinery within general pact framework.

Upshot of meeting was general agreement on immediate need of creation permanent machinery for NAT and that primary immediate function should be coordination of military and defense finance problems, and general, but less firm agreement on value of further coordination foreign policy questions relating to defense and willingness explore question of coordination of information. Subcommittee established to meet tomorrow to examine terms of reference for permanent machinery in more detail.

Following this discussion and on the general subject of continuing US relations with Europe, Jessup made general statement following closely paper A–8/1*a*.[4] Makins welcomed statement but took occasion to indicate fact that British thought present defense expenditures already over-strained economy. Alphand also expressed appreciation for expressions mutual interest in Jessup's remarks and general agreement with objectives. He also, however, took this occasion to stress heavy military commitments of French in Indochina in particular. Group then took up migration item. French made short statement indicating importance of problem particularly problem Italian and German emigration but indicated they did not wish ministers to consider in detail. They felt, however, that studies of migration problem now being made by other organization lacked necessary political direction which might be given by calling general conference on subject. Jessup and Strang, although not supporting, indicated willingness to explore idea further and French to put proposal in writing. Neither French nor British had proposals to make on item 9. Jessup summarized our views, following closer paper B–19.[5] There was general, little discussion of but general agreement with US proposals.

Sent Department repeated Paris 672.

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[4] *Infra.*

[5] Not printed; it stressed that the world situation made it necessary for the United States, United Kingdom, and France to bring to bear their full resources on particular problems in a coordinated fashion. Emphasis should be placed on increasing the use and effectiveness of already existing diplomatic channels rather than building new ones, including frequent meetings of the Foreign Ministers, the High Commission for Germany, the Austrian Deputies, the central organization of NATO, the United Nations, and the OEEC. (CFM Files: Lot M–88: Box 149: May FM Meeting)

CFM Files: Lot M–88: Box 149: May FM Meeting A Series

Paper Prepared in the Department of State [1]

CONFIDENTIAL WASHINGTON, April 20, 1950.

FM D A–8/1*a* [2]

THE ECONOMIC SITUATION

The Western European countries have made great progress toward economic recovery. Current economic trends seem to indicate that the principal Western European countries, provided appropriate policies are adopted here and abroad, could be independent of extraordinary economic assistance by the end of the European Recovery Program in 1952. This is to say that barring extraordinary demands of international political origin, their economies could satisfactorily meet normal demands without incurring unmanageable balance of payments problems.

To achieve this position in 1952, however, progress will have to be made on a number of problems. We are most desirous that international economic relationships develop steadily in the direction of an equilibrium which can be sustained without resort to quantitative restrictions and exchange controls. We are equally desirous that equilibrium be attained at high levels of trade, and be sustained in ways consistent with expanding levels of trade. While the United States has a large measure of economic self-interest in such a development, we believe that this interest is common to the United Kingdom and France and all other Western countries. More important, however, than our economic self-interest is the importance of this development to the strengthening of the non-Soviet world—to the creation of a successfully functioning economic system in the non-Soviet world which will give real promise of meeting men's economic aspirations.

The Executive Branch of the United States Government is fully aware that the United States will have to make economic adjustments if international economic equilibrium is to be attained at satisfactory levels of trade. The President, acting upon the recommendation of the Department of State, has appointed Mr. Gordon Gray, former Secretary of the Army, to lead an interdepartmental study of the problem of

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been cleared within the Department of State and approved by Secretary Acheson (CFM Files: Lot M–88: Box 149: May FM Meeting A Series).

[2] An earlier draft of this paper, FM D A–8/1, dated April 18, not printed, is the same as FM D A–8/1*a* except for minor textual differences (CFM Files, *ibid.*).

the so-called "dollar gap" and advise him what adjustments the United States should make. There is not, of course, agreement with the Congress or even within the Executive Branch at this time as to what adjustments will be necessary, but the project is a serious one, to which the President attaches great importance. The Department of State believes that the interest of the United States in high levels of trade as a means of creating a successfully functioning international economic system requires a measure of forward planning. That is, it believes that the United States must actively seek, by formulating and carrying out wise policies, to establish conditions in which its international accounts can be balanced at high and expanding levels of trade.

There is a widespread recognition in the United States that tariff barriers should be lowered and that other restrictions should be reduced which curb the ability of foreign countries to earn dollars by selling goods and services to the United States. There is also a general acceptance of the possibility that certain countries, in special circumstances, will continue to require assistance after 1952.

We are, in short, attacking the problem of the dollar shortage vigorously. We believe that a similar effort is being made by most of the Western European countries, but we also believe that they can increase their cooperative efforts to improve their position with the dollar area. Although it will be very difficult, we believe that our combined efforts, vigorously pursued, can lead to conditions in which a satisfactory equilibrium between the Western European countries and the dollar area can be maintained with a diminishing reliance on trade and exchange controls.

Our emphasis on 1952 should not be misinterpreted. There is nothing magic about this date. Its significance is that it is the year when the European Recovery Program was designed to end. However, our interest in Western Europe is a continuing and a fundamental interest, as the general and firm endorsement of the North Atlantic Treaty by the Congress and the public indicates.

The Department of State recognizes that the developing relationship between the West and the Soviet Union may compel a revision of present plans. Defensive forces of the size and character envisaged by the mid-term plan recommended by the Defense Ministers may, and probably will, lead to economic requirements additional to what can be described as normal requirements. The Department of State firmly believes that the economies of the North Atlantic Treaty powers can provide for an adequate defense. We are fully prepared to study what these requirements are, to face the facts, and to recommend to the President and the Congress whatever is established as an equi-

table share of the defense requirements. We shall, of course, wish to ensure that these requirements are being met most efficiently and effectively and that the burden of defense is no heavier for any country than it need be.

We are also aware in the Department of State that, despite a maximum of agreed and concerted action, there might be unfavorable developments in South East Asia and the Far East, or in trade between Soviet-dominated areas in Europe and the West, or other international political developments which would result in extraordinary economic needs in Western Europe which are not now foreseen. If so, the Department will take them into consideration and will advise the President and the Congress of the need for extraordinary measures to deal with extraordinary situations. This is a necessary corollary of the continuing and common interest of ourselves and our North Atlantic Treaty partners in taking whatever common action our common problems require. We are confident that other Foreign Offices will take a similar view and will seek to influence their national policies in the same way, for it is clear that the ability and willingness and determination of each to act in the common interest will be significantly affected by the knowledge that the others are so acting.

CFM Files: Lot M–88: Box 151: Secto Cables

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 28, 1950—midnight.

Secto 45. From Jessup. Fourth trilateral discussion, Friday p. m.[1]

A. *Subgroup Report on NAT*

Jebb reported subgroup had not been able to agree on the text of cable to Washington IWG. French insisted no new body being created but simply meetings of council, sometimes with deputy Foreign Minister and that to move forward with military defense program there was need for high level Executive SYG with considerable authority. UK considered what was involved was permanent body of deputy Foreign Ministers with an efficient secretariat. Main work would be done by subgroups.

Alphand held Executive SYG would act under control and directives of permanent group and there need be no fear his exceeding proper role. French convinced plan would not succeed without such strong individual in strategic spot. The main questions to be resolved

[1] Held at 4 p. m. April 28 in the Foreign Office.

were: (*a*) Do we propose to have new body or council meetings with deputy Foreign Ministers; (*b*) Scope of authority of Executive SYG; (*c*) Terms of reference of functions of body.

Jessup suggested sole problem was to inform IWG of views put forward in talks by representatives three powers. Unanimous agreement at this stage unnecessary. This view accepted and it was agreed Perkins, as chairman IWG, should send general and vague cable to IWG based on US draft with indication these ideas represented "kind of proposals" being considered in London meetings. (Sent Department Secto 41 [2].) Question was raised by Massigli re phrase "and considering the equitable division of the financial burden and of productive tasks" which was revised of original text which had phrase "seeing to it that there was an" instead of "considering the". He considered revision too weak and strongly urged three powers face up to this vital issue, on which a decision was urgently needed, not further study. Agreed subgroup will continue study term[s] of reference and organization machinery.

B. *Chinese Representation*

Jessup summarized US position.[3] Jebb went over same ground he covered in the US–UK bilateral stressing UK would welcome receiving Chinese Communist representative UN and stressing votes of France and Ecuador were crucial to break impasse. Also emphasized need to settle question before membership issue arises; indicated would be difficult UK accept principle of universality involving favorable votes Outer Mongolia, Albania, other satellites. De La Tournelle said situation causing French grave anxiety re future of UN and re interruption atomic energy discussions where the Western countries had had contact with USSR. Small countries may conclude large powers manipulating UN and be critical their inability agree. If Chinese representative not settled by GA apprehensive Soviet bloc would withdraw and France could not accept UN becoming sort of "holy alliance". France had not taken position re Lie's distinction between problem of recognition of new government and representative in UN. Jebb and Strang urged to consider serious consequences that might ensue if situation continued. Jebb acknowledged a government should be consistent in attitude toward recognition government and seating their representatives in UN but held that, though perhaps illogical, inconsistency here not illegal. Massigli said French position had not

[2] Not printed.

[3] Regarding the United States position on Chinese representation at the United Nations, see Secto 14, April 25, p. 863, and footnote 4 thereto. For further documentation on this question outside the framework of the Foreign Ministers meeting, see vol. II, pp. 186 ff.

changed; his government not prepared to vote for unseating Nationalist Government. However, French might eventually vote favorably on unseating representative that government without having recognized Chinese Communists, though it would be difficult public to understand in view attitude Chinese Communist Government toward French. In response to an inquiry from Jessup, Strang indicated Bevin would like to have Foreign Ministers consider this question.

C. *Periodic Meetings*

Jessup summarized the US position on the question and Jebb did likewise for UK along the lines previously reported to Department (Secto 14). Massigli said he had no instructions but would probably have them after Lie saw Schuman tomorrow.

D. *Declaration*

Massigli submitted a draft declaration on objectives and conclusions for approval by the three powers or NAT Council. Study of document deferred. Text in separate telegram.[4]

E. *Attitudes Toward Soviet Union and Satellites*

a. Retaliation.

Jebb explained the UK view on need for consultation on problem of retaliation prior to reaching individual decisions. Purpose should be to determine extent to which the other governments could follow same proposed course. Massigli held difficult have fixed rules since these questions come up as specific cases affecting individual governments, should be considered on merits, and governments must reserve right to act as they think best. Common action might increase difficulties. He agreed however on the desirability of consultation and thought common practices desirable when the problem was a common one. Bohlen stated fixed rules was not objective; Soviet and satellite actions against Western diplomatic mission was common problem since directed as part of general plan against the West as a whole and not against individual countries. Consultation looking toward the possibility of adopting common attitudes highly desirable. Where matter was clearly one affecting only one government practice of informing the other governments helpful and constructive. He then summarized the US position.[5]

b. Exiles.

Massigli stressed the need to take cautious and prudent attitude in view of possibility that war might be provoked by activities of exiles who consider war inevitable and want it. They are indiscreet and spread rumors which are then considered by their own govern-

[4] Secto 44, April 28, from London, not printed (CFM Files: Lot M–88: Box 151: Secto Cables).

[5] For a summary of the United States position, see Secto 12, April 25, p. 865, and footnotes 4 and 6 thereto.

ments as the views of the Western Powers. Bohlen agreed this was matter that should be handled with discretion but suggested risks would be less if there was consultation among the three governments. He particularly stressed the value of consultations among the field representatives of the three powers for mutual exchange of information re any dissident developments within Soviet states. Alphand inquired if permanent consultations were contemplated and Bohlen indicated that there was no thought of special permanent machinery, but perhaps consultation could be through the missions in the three capitals, or perhaps through the NAT Council.

F. *Yugoslavia* (*in particular, measures of financial assistance*)

Alphand said French attitude on financial assistance differed from that of the US since France was a creditor. Thus France had indicated to the International Bank that it was against extending new credits to Yugoslavia before the old debts were paid. Bohlen pointed to the fact that the three powers agreed on the importance of Tito and the need to help him to stay in power. His downfall would have far-reaching and very serious effects. Bohlen then summarized the US attitude re financial assistance.[6] Makins said that UK did not have a clear idea of the situation in respect to general balance of payments but Yugoslav sterling position good. Yugoslavia had not drawn on UK credits nearly to extent expected. He thought the International Bank loan less urgent. Bohlen stressed importance of the loan and the very great political importance US attached to keeping the situation under close surveillance to see that it did not deteriorate. Alphand said that France agreed on the consequences of a Tito downfall and that she would be prepared to join in the same financial assistance policy with the US and the UK after her debt problem had been solved on which he seemed reasonably hopeful. There was no dissent to idea of consultation re military supply assistance in event situation should become serious.

Sent Department, repeated Paris 686.

[JESSUP]

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[6] In preparation for the preliminary meetings the Office of Eastern European Affairs had drafted position paper FM D B–8, "Policy toward Yugoslavia," dated April 12, not printed, which recommended the following with regard to financial assistance:

"3. It is an objective of the three Governments that the Tito regime should be accorded sufficient economic and financial assistance to maintain itself against Soviet pressures. All three, with the participation of other western nations, if possible, should contribute within their means to this objective. Whether or not it will be possible and desirable to take up specifically with Bevin and Schuman the International Bank loan will depend upon whether, prior to the meeting, the interested agencies of the US Government and the Bank have agreed to proceed with the loan in spite of the failure of the Yugoslav negotiations with the US bondholders. . . ." (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

Presumably Bohlen used this paper as the basis for his summary.

PREPARATORY TALKS OF THE UNITED STATES AND THE UNITED KINGDOM

396.1 LO/4–2450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET PRIORITY LONDON, April 24, 1950—9 p. m.

Secto 6. 1. In opening statement US–UK bilaterals this afternoon,[1] Strang emphasized their informal and exploratory nature, asserting nothing we might say would be held against us and expressing hope that we would follow same policy. Jessup concurred his suggestion and then summarized points contained A–8.[2]

2. Jebb said British were broadly in agreement with these views, although considered important make following points:

(*a*) On basis assessment developments in past year it appears to British that Soviet has had slight gain, mentioning in this connection production A–bomb and Communist successes China. British consider latter more than offset Tito disaffection. Point was, however, arguable.

(*b*) Although Soviet will undoubtedly be more provocative in next several years, British do not feel that they will risk action which might result in hostilities. In view British military, critical period will be in 1955 or 1956.

(*c*) Re our own weak spots, British feel SE Asia is weakest of all in whole grouping, and we must remedy situation there as matter "first necessity". Jebb concluded that he agreed entirely with Jessup's assessment Soviet vulnerabilities.

3. Strang then turned to special US–UK relationship which as meeting developed proved to be subject British most anxious to discuss as they repeatedly referred to it during conversations. US, UK, Commonwealth and Western Europe were nucleus around which Western world should form. Furthermore no partial agglomeration such as UK–Commonwealth, US or Western Europe, "was fit or adequate to stand alone". He fully concurred Jessup's statement re desirability common planning, adoption coordinated policies, and concentrated action implementation such policies and maintained that we must "support one another rather than act as rivals." Referring to useful talks in Washington several months ago on Near East

[1] The first U.S.–U.K. bilateral meeting was held at 3:00 p. m. at the Foreign Office. The records of decisions and bipartite papers, prepared by Charles A. E. Shuckburgh, Secretary-General for the meetings and Head of the Western Organizations Department of the British Foreign Office, for all seven of these bilateral meetings are in the Conference Files: Lot 59D95: Box 85: CF's 22 and 24.

[2] Dated April 14, p. 857.

matters,[3] he suggested desirability adopting same procedure on more generalized basis. US he said was stronger than UK, "but we have certain things to contribute."

4. Wright developed Near East thesis further. Our joint approach to problems of that area in past several years has been premised on conviction that if we work at cross purposes, things go badly. As result agreement had been reached that we must work problems out together, "abjure rivalry", and "see what we can do to help one another". Same procedure should be followed "on wider lines," although not necessarily on a country basis. All Western policy he concluded depends in final analysis "on our relationship with each other".

5. Strang next observed that joint action can only be achieved if UK is and is to remain world power. He felt that it was to our interest that she should continue to be one and hoped that we felt the same way. Should this be the case, it would be helpful if we would refrain from doing things which might make it difficult for British. He had in mind, for example, "ideas from other side" of Atlantic which appeared to be designed to "hurt" sterling area. Wright then took up argument, maintaining that if we wish British to continue with "our special status," we should help them in making sterling area strong and also not force British to give independence to peoples who are not yet ready for it. In reply to question, Wright stated that British were referring to sterling area in political rather than economic sense.

6. Jessup said we fully agree that UK is and should be world power, and "the more powerful and the more worldly the better". With respect to dependent peoples and colonies, we should like to explore these questions separately from the standpoint of our common interests. Finally we do not want to break up the Commonwealth.

7. Wright expressed his appreciation for Jessup's assurances, but implied that we might take certain actions which might result in a Commonwealth break-up against anyone's wishes, as for example, if we pushed UK into a European union. Such development, he maintained, would decrease UK's effectiveness.

8. In reply Jessup's inquiry, Strang said British do not exclude questions of close cooperation with Europe. What he wished to make clear, however, was that UK has a special relationship with three areas, the Commonwealth, the Atlantic community and Western Europe, and of these that with the Atlantic community was the most important, as it encompasses all three.

[3] For documentation on Michael Wright's discussions on the Near East with representatives of the Department of State, November 14–22, 1949, see *Foreign Relations*, 1949, vol. VI, pp. 50 ff.

Summary this meeting continued next telegram.
Sent Department Secto 6, repeated Paris 638.

740.5/4–2450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET LONDON, April 24, 1950—10 p. m.

Secto 7. This telegram continues summary this afternoon's meeting.

Wright summing up, expressed view we agreed extent common danger and could ill-afford permit Soviet strengthening comparison with West. Based, thereon, do we believe:

(1) One means building strength of West is further development Atlantic framework or pact itself;
(2) Do we consider the Atlantic framework viewed from angle western interest throughout world cannot work if US or UK working at cross purposes;
(3) If the answers to (1) and (2) are affirmative, shouldn't we do everything we can to strengthen each other;
(4) Would it be of assistance attempt develop common objectives various areas towards which we would work.

Jessup indicated generally we would reply affirmatively all questions but would not wish this point reduced to text because of the relative element. He indicated illustratively that in strengthening each other we would not wish to weaken some other area in which we are interested. Jessup indicated he was quite clear on point (2), that development of the pact was a means of gathering strength. On point (4) he agreed the NEA precedent extremely useful and that that experience could be applied on broader basis. He also mentioned on (1) that we would not want to carry to extreme which would result in destruction or serious injury to UN. Strang summarized by indicating he believed agreement in broad terms on Wright's four points existed.

Jessup then reviewed briefly problems in areas we feel are lost, from paper A–8 as amended.[1] Strang indicated agreement that situation not good in Burma. He felt India, Pakistan serious but now more hopeful. On Iran, UK very concerned and will want to discuss in detail. Agrees situation Greece has improved. Considers Germany very important and one of main purposes of the talks. Agrees Russians assign Germany high priority.

Discussion then turned to importance of the West taking and holding initiative. British seem less concerned than we are that Russians indeed have initiative and pointed out various steps in western Europe past two years where we had seized initiative. Agreed, however,

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[1] Regarding this paper, presumably FM D A–8*a*, see FM D A–8 and footnote 2 thereto, *infra*.

psychological aspects most important and both should continue strengthen. Jessup suggested UK and US had developed special skills this field and should lend helping hand to others, such as France.

Agreed British bilateral tomorrow morning discuss various items Atlantic Pact agenda and item 7*a*, the question of future UN meetings and Chinese representation UN. Agreed discuss tomorrow afternoon agenda items 3 and 4.[2]

Throughout today's meeting British were obviously seeking avoid commitment to become involved in any close European union while agreeing they should give leadership. We avoided any encouragement this line deferring issue until specific points reached later meetings.[3]

Sent Department Secto 4, repeated Paris 640.

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[2] For the identification of the items under reference in this paragraph, see telegram 1731, April 17, p. 835.

[3] Following this first bilateral meeting with the British, Jessup and Perkins met briefly with René Massigli, the French Ambassador in the United Kingdom, who "emphasized that the item of prime importance to Schuman was Indochina." The United States representatives agreed that this should be discussed in tripartite meetings rather than bilateral and told Massigli that the principal topic in the meeting with the British had been a review of the world situation. Secto 5, from London, April 24 (9 P. m.), not printed (396.1 LO/4–2450).

CFM Files: Lot M–88: Box 149: May FM Meeting A Series

Paper Prepared by the Policy Planning Staff [1]

TOP SECRET
FM D A–8 [2]

WASHINGTON, April 14, 1950.

THE CURRENT POSITION IN THE COLD WAR

The term "cold war" has largely lost whatever utility it may once have had, and is now probably more misleading than clarifying, for it is used in widely different senses by different people. As a generic term, it can only refer to the totality of relationships between the Soviet Union (and the areas under its control or predominant influence) and non-Soviet countries, and whatever aptness it has derives from the Kremlin's view of these relationships as a developing and continuous struggle for unitary possession of world power. This

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[1] Attached to the source text was a cover sheet, not printed, which indicated that FM D A–8 had not been cleared within the Department of State.

[2] It is not clear from the references in Sectos 6 and 7 (*supra*) whether Jessup used FM D A–8 or FM D A–8*a* as the basis for his summary, but, since the latter apparently had no appendix, it was probably the former. Five drafts of this paper have been identified in the records for the London talks, dated April 14, 19, 22, 27, and May 3, respectively. The substance of the first four is the same while the last incorporates certain views of the Joint Chiefs of Staff. Copies of the last four and the JCS comments (FM D A–8*a–d* and 8/2), none printed, are in the CFM Files: Lot M–88: Box 149: May FM Meeting A Series.

totality of relationships, however, is composed of disparate elements, which the term "cold war" tends to cloak.

In this paper, therefore, the expression is eschewed and the relationships between the Soviet world and non-Soviet countries will be examined from the points of view (1) of the overall power position of the Soviet world and the West and (2) of the strengths and vulnerabilities of particular countries and areas.

1. The Soviet world has had no accretions in Europe beyond the line of westernmost advance of Soviet forces in the war, and has suffered a serious reverse in Yugoslavia. In Asia, the Communist victory in China is very important, though it is probably a greater loss for the West than it is a gain for the Soviet Union. The Kremlin now dominates many more people and a much larger area than it did at the end of the war, but this measure considerably exaggerates the relative shift in power positions. Probably, the Titoist development, and its ramifications, largely offset the Chinese development in the Kremlin's own evaluation of the changes in its power position.

However, the Soviet Union has widened the gap between its military preparedness (forces in being and readily available) and the West's since the end of the war. Although it would be easy to exaggerate the role of the U.S. atomic monopoly in moderating Soviet foreign policy during this period, it probably can be said that the military capabilities of the West—actual and especially potential—in conventional forces and weapons together with the atomic monopoly deterred the Soviet Union from actions which would, in its view, have run a serious risk of war.

The military preparedness of the Soviet Union for defense of all or most of the areas under its control is becoming such that it will probably feel safe in pursuing a more provocative foreign policy in the near and perhaps immediate future. While it is unlikely that the Soviet Union will launch an attack upon the West in the next two or three years, it is not unlikely that it will take actions, for example in Berlin, or Vienna, or Yugoslavia, or Iran, which the West would have to accept or counter with force. In the latter event, the decision whether to abandon its initiative or go to war would rest with the Soviet Union, provided the West's counteraction was itself local in character.

In this sense there has been a retrograde development of the power relationship between the Soviet Union and the West. That is, the development of the West's relations with the Soviet Union in the next two or three years holds more risks of war than heretofore. In other words, the West will be less likely to frustrate the Soviet Union's actions and less likely to achieve its own objectives by means short of war than heretofore.

An important element in the developing power relationship is the Soviet Union's development of atomic energy. This development, given the continuation in power of the Kremlin, may accentuate the risk of aggressive military action by the Soviet Union four or five years hence, unless countered, at a minimum, by increased military preparedness by the West. This is because the development of weapons

of mass destruction by the United States and the Soviet Union may sometime place a decisive premium, for the Soviet Union, on a surprise attack on the United States designed to produce a basic shift in the balance of power.

In conclusion, therefore, the trend in the realities of power is unfavorable at this time, for these realities are becoming such that the Soviet Union can be expected to run greater risks of war in the future than it has in the past in carrying out its foreign policy.

2. The vulnerabilities of the major soft spots in the non-Soviet countries are summarized briefly in the attached memorandum: "Some Perspectives on the Cold War Front".[3] The relationships between the Soviet Union and the non-Soviet countries are much less easy to summarize than the power relationship. The Soviet Union has consistently followed an aggressive foreign policy since the end of the war—and has probed for weak spots and exploited all it found, tempering its behavior only when it encountered a resistance it did not find it expedient to challenge.

It has been uniformly unsuccessful in finding and exploiting weak spots in Western Europe, where the Communist Parties have probably suffered a net loss in power and influence since the end of the war and where the nature of Stalinism has been rather successfully unmasked.

At the same time, however, the West has not made sufficient progress in strengthening itself politically, economically, and militarily to permit an unclouded confidence in its resilience to future Soviet actions. Whether or not there was a Soviet threat, the West would face serious problems in adapting itself to postwar conditions in such a way as to assure the stability of free institutions. The urgency of such adaptation has been intensified by the Soviet threat (and the willingness to adapt increased).

The main stake in the struggle is Germany, whose future remains in doubt. The Soviet Union holds important cards but the West's are probably better, the former is better able to bid its hand, and both are vulnerable. What is not in doubt is the absolutely critical importance of Western Germany's orientation.

In an important measure, this orientation depends on the wisdom and daring of American policy. Western Europe has not demonstrated a capacity to organize itself in such a way as to enlist Western Germany's resources and to ensure its Western ties. If there is to be an effective organization of Europe, it will have to be set in a framework which assures continuous and responsible leadership by the United States.

In the Near, Middle, and Far East, the balance sheet is less favorable, and future entries in the accounts are more likely than not to be entered in red. The situation is described country by country in the memorandum referred to above, which states, in summary, that the

[3] Not printed; it indicated that the major soft spots in the non-Communist world were the Philippines, Korea, Burma, the Indian subcontinent, Iran, and Greece and analyzed the problems in each area. No copy of this appendix was found attached to FM D A–8*a*. The appendices to FM D A–8*b*–*d* did not have sections on Greece, but were otherwise identical subject to minor textual variations.

vulnerabilities of the Asian and Near Eastern countries are greater, by any scale, than Germany's. However, as the memorandum continues, "the activities and obvious preparation of the U.S.S.R. clearly indicate Soviet appreciation of the immediate dangers to Communist plans of the growing strength in Western Europe and indicate that the U.S.S.R. considers Western Europe a priority target in the cold war."

8. An assessment of our current position would not be complete without reference to the vulnerabilities of the Soviet Union. Its greatest vulnerability lies in the basic nature of the relations between the Kremlin and the peoples of the Soviet Union—a relationship characterized by universal suspicion, fear and denunciation and maintained by coercion. The artificial unity of the Soviet Union has never been intelligently challenged and cannot therefore be precisely gauged, but is probably very precarious. The relations between the Soviet Union and its satellites is a second great vulnerability, and one which might, if wisely exploited, prove to be a fatal flaw. A third weakness lies in the problem of the succession to Stalin. A fourth lies in the fact that the Kremlin is a victim of its own dynamism, in the sense that a frustration of its dynamic advance might well lead to the recision of its power and influence and eventually to internal changes in the Soviet system.

396.1 LO/4–2550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, April 25, 1950—midnight.

Secto 13. Jebb opened second bilateral meeting with general summary British views of necessary development of North Atlantic Community touching upon both desirable long-term developments and immediate question of strengthening NATO. Statement summarized fully below. Began by saying that in light of discussions yesterday,[1] he assumed agreement on following: *a.* Germany crucial both to US and to Russians; *b.* Desirable for UK to maintain position as a world power and not to merge identity in European section; *c.* That USSR had propaganda advantage at moment because they had single idea to sell. This advantage greater in east and dependent areas than Europe.

On these assumptions necessary to consider machinery which could insure German orientation west, enable UK to play necessary role and take propaganda initiative from USSR. Also important to decide where these steps might lead in long run.

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[1] For a report on the first U.S.–U.K. bilateral meeting, see Sectos 6 and 7, April 24, pp. 854 and 856, respectively.

Beginning with possible long-term development, he referred Bidault's suggestion [2] which he thought would probably not be put forward officially by French although he felt it may have considerable support in France, said that in UK view Bidault suggestion was going too far, too fast and indicated UK would not support it at present time. He added, however, that as ultimate objective, he felt North Atlantic framework which would embrace US and American Republics UK and Commonwealth, and "some European entity" was desirable and that such a framework afforded opportunity essential Franco-German cooperation and provided opportunity for UK to maintain its world position.

Turning from speculation on future to present, Jebb indicated British view that new body should be set up within pact framework to deal primarily with political questions. He emphasized a number of times necessity for divorcing new machinery from military machinery of pact. One reason for separation was in order to pave way for possible future association with new political organ of certain countries mentioning specifically Sweden, Switzerland, West Germany and Austria.

With respect to Germany, although clearly contemplating some future relationship with pact, he emphasized danger of any reference to that possibility at this time and, in particular, felt that until Germany in Council of Europe, no indication should be given that we thought association in North Atlantic Pact a possibility.

Turning specifically to the functions of the proposed new pact body, he felt work in the economic field would for the time being be limited primarily to "harmonization" of economic policies. He emphasized necessity of maintaining OEEC on present basis until 1952 and probably for year or two thereafter. He felt that Secretary General should be appointed to service new pact body but indicated opposition to French "superman" concept of functions of Secretary General. Secretary General should not be in position to dictate to governments. New body would be composed either of normal diplomatic representatives or special representatives in city chosen as site and would be responsible to Council. In view of difficulty working effectively with 12 members, he indicated possibility of streamlining either through establishment smaller steering committee or working through a number of smaller groups established regionally or functionally.

Perkins, commenting on Jebb's statement, emphasized that we had no firm position on long-term developments but had come to con-

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[2] For documentation on Prime Minister Bidault's proposal for a North Atlantic High Council of Peace, see pp. 54 ff.

clusion that something needed to be done immediately to strengthen NATO. He indicated that even military side of pact was not moving as fast as it should and that we felt one of troubles was lack of coordination between military and financial aspects of defense questions. He indicated his view that some permanent machinery was required to deal among other things with economic and military interrelationships. In addition, suggested that question of what could be done in the political field and coordination of information might be considered by same new permanent body. He agreed with Jebb that it was not desirable to interfere with OEEC at the present time. He questioned desirability of a steering committee and also expressed hope that it would be possible to use special representatives rather than Ambassadors since latter might not be able to devote necessary time to pact problems. He emphasized necessity for a first-rate person as Secretary General who would be able to raise problems directly with governments but agreed with Jebb that powers should reside in national delegates. Turning to long-range developments, he indicated that we had no firm views and were prepared to consider various means of associating additional countries. One possibility might be creation of a "umbrella organization" of which NATO would be the defense arm. In discussion following these opening comments, there was general agreement that it would be desirable to assign to any new machinery study of problem of future development of NATO and in particular association with it of other countries.

Other points of particular interest in discussion were flat UK statement that UK would refuse to "sink its identity" in a European Union and fact that UK concept of a North Atlantic Community is not one of federation but of cooperative arrangements. On subject of German rearmament, UK although regarding any discussion at this stage premature explicitly stated that impossible to speak of incorporation of Germany in North Atlantic Community on partnership basis without considering rearmament, and conversely that strengthening North Atlantic Treaty had to be forerunner of German rearmament. Kirkpatrick indicated undesirability of extending guarantee of pact to Germany except as now guaranteed by occupation troops. He advocated policy of gradualism in integrating Germany with west and felt each side must make contribution at each stage. One of first steps for Germans was to enter Council of Europe. UK, for its part, would support giving Germans control over foreign relations.

Although military-economic pact relationships not discussed in detail Jebb indicated that UK would be against pact body making comprehensive studies of economies of members.

On pact central machinery Jebb suggested that in addition study functions, it be given *ad hoc* action jobs in political field on which broad consultations might be needed quickly. As an illustration, he mentioned question treatment of diplomatic missions by satellite governments.

Remainder of second session devoted to item 7 of bipartite agenda reported in separate telegram.[3]

Sent Department Secto 13, repeated Paris 650.

[3] Secto 14, *infra*.

396.1 LO/4–2550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, April 25, 1950—midnight.

Secto 14. Following reports remainder second session bipartite conversations supplementing Secto 650.[1]

Jessup summarized our view on question of negotiations with Soviet Union following closely points contained paper B–21*a*.[2] Referring to Lie proposal,[3] he indicated that although we felt meeting would be futile and would prefer to avoid it, we did not feel we could respond in such a manner that we would appear to be blocking a "constructive" suggestion. British indicated they shared our view that negotiations in near future with USSR very undesirable and said was no particular pressure from UK public opinion for such a meeting.

[1] Same as Secto 13, *supra*.

[2] Not printed; it considered the question of negotiation with the Soviet Union and concluded:

"1. Broad negotiations with the Soviets are undesirable at the present time.

"2. It is, however, possible that broad negotiations will be necessary this year.

"3. In the event that such negotiations are held the Western powers must be prepared to demonstrate that their reasonable position on the great issues is unacceptable to the Soviets, thus debunking Soviet 'peace' propaganda and gaining the offensive in the cold war.

"4. The UN Security Council or CFM would appear to be the preferable forums for such negotiations.

"5. There should be no hurry to proceed with negotiations since delay of a few months may help to clarify necessity for them.

"6. A special limited meeting of the UN Security Council, in response to Secretary General Lie's proposal, could not meet the general purpose of strengthening Western morale and resolution but might be beneficial to the UN itself." (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

One earlier and two subsequent drafts of this paper, FM D B–21, 21*b*, and 21*c*, dated April 12, 20, and May 6, respectively, are in the CFM Files, *ibid.*; all have the same set of conclusions.

[3] For documentation on Secretary-General Lie's proposal for a special meeting of the Security Council, see vol. II, pp. 228 ff.

It was agreed that, if impossible, to avoid negotiations with Russians either because of response to Lie suggestion or pressure of public opinion, special session of Security Council probably best forum but agreed that Chinese representation question would have to be settled first. Jessup indicated that if such a meeting held, we felt it would be desirable to put principal outstanding issues between east and west on agenda. British apparently less sure about items to be put on agenda and felt question might be jointly considered further. They felt reaching agreement with Russians even on an agenda, would be exceedingly difficult.

Jebb indicated that if it were possible to avoid discussions, it might be desirable for Atlantic powers to make a declaration of principle. Such a declaration might be either a detailed statement of conditions which would have to be met before Atlantic powers could negotiate with Russians or alternatively a restatement of western principles. He felt such a statement might reduce pressure of public opinion for negotiation with Russians. Jebb indicated he agreed completely with Secretary's views as expressed in recent statements that essential step prior to any negotiation was further building of strength in west. British statements added up to rather strong position against broad negotiations with Russians, if can possibly be avoided.

Discussion indicated British may feel point of Russian non-cooperation could if necessary, be proved by meeting on some specific subject rather than broad discussions.

Turning to question of Chinese representation, Jessup restated our view on problem.[4] Jebb indicated concern lest our attitude might lead to eventual dismemberment UN. He pointed out that if at Security Council meeting when question of new members to UN was considered we, in absence of USSR, voted for our entire list[5] of new members, situation might be created which would make it virtually impossible for USSR to return to UN. Jessup recognized that admission all of our proposed new members without action on USSR proposals might create awkward situation for Russians but felt we

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[4] According to FM D F–1/1, "Chinese Representation in the UN," the United States "opposed proposals to unseat representatives of the Chinese National Government in United Nations Organs and would oppose proposals to seat Chinese Communists." The United States believed that Chinese representation was a procedural question and it would accept the parliamentary decision of the several organs on the question. FM D F–1/1 recommended that this policy "should be maintained." (CFM Files: Lot M–88: Box 149: May CFM 1950 E, F, G, H Series). For documentation on the Chinese representation question, see vol. II, pp. 186 ff.

[5] According to FM D F–2, "United Nations Membership," not printed, the United States favored the admission of the following 15 states: Jordan, Ireland, Portugal, Italy, Austria, Finland, Ceylon, Nepal, Republic of Korea, Indonesia, Albania, Mongolian People's Republic, Hungary, Rumania, and Bulgaria. (CFM Files, *ibid.*)

could avoid having question of new members arise or at least avoid taking action on question. He recognized that it was possible that developments in Formosa over next few months might mean some alteration in our position. If situation deteriorated and no Nationalist Government existed, question would obviously be materially different from that at present. He threw out as a feeler the possibility of "universal" membership in UN to which the British were decidedly cool.

British pressed us hard on Chinese representation indicating they viewing situation in UN with increasing alarm. They share our view, however, that Soviets not now contemplating permanent withdrawal. We gave them no encouragement we could change our Chinese representation position but stressed we were not attempting influence action other Security Council members this question.

Sent Department, repeated Paris 651.

396.1 LO/4–2550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, April 25, 1950—midnight.

Secto 12. Third UK–US bilateral meeting Tuesday afternoon dealt with items three and four of agenda [1] and policy toward Soviet satellites in East Europe and policy toward Yugoslavia.

Makins opened for British on item three. He divided his presentation into two parts, political and economic. He indicated that the political factors were largely imponderable. He stressed importance to UK of (1) Commonwealth and (2) The Colonies. In connection with Commonwealth he pointed out it was difficult to define its meaning or the substance explaining now going through evolution after absorbing additional members. As to colonies he stated they were strong point for Britain and a stabilizing factor in worldwide situation. Makins stated economic factors mainly ponderables. One was the existence of the sterling system. He pointed out it represented the largest areas of multilateral trade. Fifty percent of world trade is done in sterling and within the system there is free transferability of capital. Strength of sterling is regarded as index of stability and confidence in the UK. British believe that anything which weakens sterling area weakens common objectives. He pointed out intention of dealing with sterling balances was set forth in the Anglo-American

[1] See agenda, telegram 1731, April 17, p. 835.

financial agreement.[2] In view of political developments which have been taking place in Indian subcontinent it is only now that British have been able to tackle question. He urged US to take such factors as these into account at all times in dealing with European or general economic questions. The strain on sterling was greatest on UK as center of system. UK had been able to carry on as it has only because supported by US, first by lend-lease, then by loan and then by ERP. To the end of enabling UK to get back on its feet in spite of setback great progress has been made but UK is still highly vulnerable. For example last year comparatively minor US recession gave UK structure considerable lurch. The UK economy is overloaded at present. It is carrying, for example, higher or as high a load as any country in the defense fields. There are also other heavy demands on its economy. It may be alleged that the UK is not making use of its resources which others would like to see. Here is question of government's internal policy and civil servants can only say that those are policies for which voters have voted. British believe it is in their own interests and in general interests of the West to maintain sterling system and nurse it back to health. The UK alone would be a poor substitute for UK as center of sterling system. It is against this background that UK's approach to west and to such questions of nondiscrimination and convertibility must be viewed. British are in Europe "up to our necks, always have been and always will be. If we go over our necks we might drown." All of these factors are decisive in connection with consideration of agenda point four, i. e., roles each can play. "The US attitude considered ambivalent." For example, steps taken by US since September have been of great assistance but on other hand in OEEC UK is in position of whipping boy. In conclusion Makins stated that by 1952 UK economy must be viable; if not UK will not be able to play part. In considering role which UK can play must bear in mind that there is no desire to shirk but that it cannot take on more than it can effectively perform.

Labouisse replied that in general we appreciate situation as outlined and that many of the frictions are not on questions of basic principle but arise from existing economic situation. Problems of this nature fall into three categories: (1) dollar shortage; (2) domestic expenditures; and (3) sterling system. After brief mention of specific problems under these three headings he pointed out that we cannot resolve any of these problems unless there is real understanding of our com-

[2] For the text of the Anglo-American Financial Agreement, signed at Washington, December 6, 1945, see Department of State *Bulletin*, December 9, 1945, p. 907; for documentation relating to its negotiation, see *Foreign Relations*, 1945, vol. VI, pp. 1 ff.

mon objectives. For example, strong sterling is not desired, per se, but is an instrument for achieving of common objectives.

Point four UK–US relationships and roles then taken up. Jessup gave US views as set forth in position paper B 16–*b*.[3]

Strang commented Jessup's statement went further than ideas briefly indicated by British at first meeting. Expressed opinion, however, that it seemed to lay sound foundation. Makins indicated his earlier statement was intended to be outline of UK and Commonwealth problem within framework of common objective. Strang and Makins indicated they did not off-hand differ from Jessup's points other than on matters of emphasis. In regard to Europe he said the British considered that they had taken the lead and although they have not gone at the pace some in US would desire they have tried to maintain initiative. The possible point of clash in interests would be between Commonwealth cohesion and European association. It could be hoped that situation would not arise. But there was added difficulty that Commonwealth organization rests on an imponderable relationship which makes it difficult to define a specific Commonwealth policy toward European problems.

In general discussion, after presentation US view by Jessup, British indicated particular need for further consideration of (1) dual UK relationship to Europe and to Commonwealth and (2) possible postponement of economic viability after 1952. Possible divergence of views on these two points not excluded. Strang repeated that the British did not think union or federation was the right method. He said UK would not hold back on closer cooperation but would on federation and expressed hope that the Council of Europe would not press for such development. Strang said UK regarded itself part of Europe for certain purposes but could not make Europe its exclusive concern.

British had apparently adopted attainment of viability by 1952 as basis of their thinking and appeared unsure of nature of relationship if they had not regained their "independence" by that date. Furthermore effect of possible change in premise was something to which they wished to give further consideration. It was agreed that three sub-committees should be set up, one to look at UK–US collaboration in fields where economic considerations secondary, a second to examine specific economic and financial questions in the larger framework without, however, attempting to take such problems as petroleum, EPU and sterling balances out of present channels through which they were being considered, and a third on the relations of the UK to Europe (all to meet Wednesday a. m.).

[3] *Infra.*

Second part UK–US meeting Tuesday afternoon opened with statement by Jessup on policy towards Soviet satellites as set forth in B 22–*a* omitting point seven.[4] Bateman [5] followed with brief description British measures of retaliation against satellite diplomats. He indicated restrictions under consideration in retaliation for Soviet limitation of British diplomats to 30 mile radius of Moscow. Various aspects of retaliation briefly discussed.[6]

Continuing consultation on subject generally recognized as desirable and question of machinery was raised. Jebb suggested a small group give consideration to the question. Desirability of having cooperation of French raised. As to cooperation on propaganda and broadcasting Hoyer Millar indicated he had discussed subject with Barrett [7] in Department. After brief discussion consensus appeared to be that problem could be left to the information officers to bring about closer cooperation. As to exiles from satellite countries as greater numbers are in US British were prepared to leave initiative to US and Hoyer Millar stated he had so informed Department. It was suggested that in view of activities of committees in Paris it might be well to ask French what they were doing in this connection. Makins pointed out subject of east-west trade was not on the agenda and it was decided that he and Labouisse should give it consideration in their discussions.

Discussion of Yugoslavia was extremely brief. Bateman pointed out that Foreign Office views requested by State Department on what

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[4] Not printed; it recommended that the United States obtain British and French concurrence in the following points:

"1. Maintain diplomatic representation in the Satellites as long as tolerable.
"2. Consult on any retaliatory measures.
"3. Maintain strong propaganda offensive, especially by radio.
"4. Make full use of UN forum.
"5. Bear in mind that Eastern European countries are part of European community.
"6. Make full use of Tito's quarrel.
"7. Continuous adjustment of export controls to Eastern Europe." (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

An earlier draft of this paper, FM D B–22, dated April 7, and a subsequent draft, FM D B–22*b*, dated April 21, neither printed, bear the same recommendations, while a third draft, FM D B 22/1, also dated April 21 and based on FM D B–22*a*, not printed, was prepared for the NATO Council meeting (CFM Files, *ibid.*).

[5] Sir Charles H. Bateman, British Assistant Secretary of State for Foreign Affairs.

[6] In Secto 16, from London, April 25 (midnight), not printed, the United States Delegation raised the question "whether principles to be applied on retaliation re satellite actions should be studied jointly in addition to consultations before taking actions." The Department of State advised in Tosec 16, to London, April 26, not printed, that joint measures were "likely to be more effective" than individual if agreement could be reached on their substance and timing. However, no procedure "wld prevent any nation taking whatever action it thought necessary in own interest." (396.1 LO/4–2550)

[7] Edward W. Barrett, Assistant Secretary of State for Public Affairs.

action might be taken in various eventualities had now been formulated. Except for matter of International Bank loan policies were felt to have been closely parallel. British understood that this matter would not come up for consideration again until next autumn. Stinebower pointed out that in order to keep Yugoslav economy afloat it was estimated between 20 and 30 million dollars would be needed. He said Black [8] had indicated to him that when bank considered loan anew it would either make the whole available or nothing so if the UK would not contribute the whole project would fall.

Jebb suggested that in view of agreement on policy toward Tito a brief minute might be put before the Ministers indicating agreement on policy toward Tito and making it unnecessary for them to devote time to subject. Jessup suggested that minute might be one from tripartite group and Perkins suggested that question of further financial assistance might also be examined in tripartite talks under item eight, relations with Soviet.

Meeting concluded with arrangements for three subcommittees to meet Wednesday a. m. and Wednesday p. m. tripartite meeting taking up points on agenda in order given.

Sent Department Secto 12, repeated Paris 649.

[8] Eugene R. Black, President of the International Bank for Reconstruction and Development.

CFM Files : Lot M–88 : Box 149 : May FM Meeting B Series

Paper Prepared in the Department of State [1]

SECRET

WASHINGTON, April 19, 1950.

FM D B–16*b* [2]

ESSENTIAL ELEMENTS OF US–UK RELATIONS

I. INTRODUCTION

1. The dislocations caused by the recent war and the emergence of the intensive struggle against Soviet expansion have immeasurably intensified the urgency and pace of our efforts to achieve our basic and

[1] Attached to the source text were a cover sheet, which indicated that this paper could be considered cleared within the Department of State although no comments had been received from the Department of Defense or the Economic Cooperation Administration, and a preface, which stated that the paper concerned only the general aspects of U.S.–U.K. relations and was designed to be read only by United States officials, neither printed (CFM Files : Lot M–88 : Box 149 : May FM Meeting B Series).

[2] Two earlier drafts of this paper have been identified in the CFM files. They are FM D B–16 and 16*a*, dated April 11 and 13, respectively, neither printed, and were drafted along lines similar to FM D B–16*b* (CFM Files, *ibid.*).

traditional foreign policy objectives. Our major antagonist presses us relentlessly in all fields, military, political, economic, cultural, etc., and forces us to the realization that alone we do not have the power or resources necessary to achieve our objectives. We must mobilize our allies and friends, expanding their number and assuring their collaboration and help.

2. No other country has the same qualifications for being our principal ally and partner as the UK. It has internal political strength and important capabilities in the political, economic and military fields throughout the world. Most important, the British share our fundamental objectives and standards of conduct. Linked to the UK, and a source of much of its strength, is the Commonwealth. Much of that grouping, in particular the other dominions, share the same objectives and standards. The area of the Commonwealth is of greater importance, economically, strategically and politically than any other existing grouping. The US can find its most important collaborators and allies in the UK and the Commonwealth, just as the UK and the Commonwealth are, in turn, dependent upon us.

3. For a great many years (at least since the statement of the Monroe Doctrine) and in spite of periods of strain and stress, a working relationship of sorts between the US and the UK has been a basic, if usually unspoken, premise of US foreign policy. Two world wars have converted this relationship into a partnership and it remains as one of the foundations of our foreign relations. In the post-war years, and in particular in recent months, there appear to have developed, due in large measure to the intimacy and extent of our relations, a number of stresses and strains. As the pressure of the cold war increases and the tempo of the world crisis rises, some of these stresses threaten to develop into major cracks in the structure of US–UK relations. A serious impairment of those relations would require a whole reorientation of US foreign policy, since the achievement of many of our objectives, including that of the closer association of Western Europe, depends on the British agreeing with those objectives and taking the necessary action to accomplish them. Accordingly, an examination of the relationship is necessary, not to see whether it can be retained but to see how it can be strengthened. We do not believe that these strains mean that the US–UK relationship is breaking. Such an event would be a major disaster involving the decline and eclipse of the whole Eastern Hemisphere and a policy of isolation for the Western Hemisphere or even perhaps for North America alone. The problem is to examine the causes of strains and divergencies between the two countries and to attempt to agree upon policies which will minimize and where possible eliminate those divergencies.

II. VARIETY OF ROLES WE EXPECT BRITISH TO PLAY

1. We expect and depend upon the British to play a variety of roles on the world scene, including the following: (*a*) a leader (with France) in the movement toward closer European unity, (*b*) the cement which holds the Commonwealth together, (*c*) our principal partner in strategic planning, (*d*) a major force in ensuring political and economic stability in the Near and Middle East, (*e*) a collaborator in the resistance to Communist expansion in the Far East, (*f*) a willing collaborator in promoting the development of an expanding multilateral world trade, (*g*) a leader in furthering the development and emergence of dependent areas, and (*h*) a principal supporter of the UN. Even if there were not internal inconsistencies between these roles, they would tax the capacities of any country. While these roles may correspond to the capabilities of the British Empire of 50 years ago, when that Empire was the major world power, the British do not now have the capacity to fulfill all these various functions without the closest support and collaboration of the US.

III. LIMITS TO BRITISH CAPABILITIES

1. A number of factors seem to limit the capabilities of the British. Some arise from the indisputable facts of the British position today, some arise from British policy decisions. Whatever the cause, they result in differences between us and frictions which generate varying degrees of heat. The immediately following paragraphs summarize some of these factors.

2. *Financial Limitations.* Financial limitations, which arise both from the intrinsic British economic position and from British policy decisions, are most frequently given by the British as the reason for their inability to take various actions which we favor. There are very few problems which we have with the British which do not seem to involve financial hesitations on their part. These matters can for convenience be divided into three types, although there is an overlap between the categories.

(*a*) Those arising out of the fact of their precarious dollar position. British dollar reserves, although considerably higher than six months ago, are lower than they were in 1948 when ERP started and, taking into account price changes, represent perhaps one-fifth of prewar. The increase and even the maintenance of these reserves are threatened by the inability of the British to control rigidly the dollar expenditures of the rest of the sterling area, the necessity of making large dollar expenditures for food, agricultural products and other essentials only obtainable in dollar markets, and the vulnerability of the British economy to a decline in US economic activity. Sterling area dollar earnings are heavily dependent upon American purchases of raw materials. Any decrease in such purchases seriously affects the

British reserve position (and thus the reserve position of the sterling area) without any compensating decline in the needs of the sterling area for dollars.

(*b*) There are also those limitations which arise out of the *facts* of the British sterling budgetary position. With internal pressure for a reduction of the high internal tax rate, British budgetary receipts are not apt to increase. Therefore, any increased overseas sterling expenditures tend to be at the expense of domestic expenditures. In view of the precarious parliamentary position of the Labor Party, the Government is reluctant to make any reductions in domestic expenditures which might prejudice Labor's tenure of office. Under the procedures which obtained until last fall, and which may be renewed in somewhat changed form, 95% of the local currency counterpart of ECA grants to the UK was in fact available as budgetary receipts. Since ECA aid is decreasing and will terminate in 1952, this significant source of revenue will disappear. This contributes to their reluctance to incur expenditures which may be recurrent. The releases which the British must make from the sterling balances held by dominions and other countries exert an inflationary effect. Increased sterling expenditures whether at home or abroad, add to this inflationary effect and, therefore, threaten improvement in the UK balance of payments position. For all these reasons the British are anxious to reduce their governmental sterling expenditures at home or abroad.

(*c*) There are also financial limitations arising as a result of *policy* decisions. The British Government is committed to the practice of dedicating a large part of the budgetary income to domestic welfare and social services. The pursuit of this policy necessarily results in reluctance to make either dollar or sterling expenditures which reduce the amounts available for the domestic welfare program. The British desire strongly to be free of dependence upon US aid by mid-1952, an objective which we have urged innumerable times upon all ERP countries. Linked to this policy objective is the correlative objective of reestablishing sterling as a strong international currency in which other countries will conduct their trade and wish to keep their reserves. The reestablishing of sterling would assure the invisible earnings which come from being the banker of a sterling system. Furthermore, achievement of these two objectives would be major factors in the British retaining and increasing their political prestige and power. As a result the British appear to give an overriding priority to these objectives.

We cannot do otherwise than recognize the precarious dollar position of the British and the sterling area based on the facts outlined under (*a*) above. Nor can we explain away or ignore the facts of the British sterling position described in (*b*) above, including the domestic political facts which affect the Labor Party. It is rather in the field of the policy decisions described in (*c*) above that there is room for flexibility in the British position and in these fields it is probably more a question of emphasis and priority than a disagreement with the substance of the decisions. Any modern democratic state must dedi-

cate a considerable portion of its budget to welfare and social services. It is our position that the scope of such action by the British must be limited by the necessity of devoting adequate amounts to external responsibilities arising from the world situation, particularly since that type of domestic expenditure, once undertaken, becomes politically very difficult to reduce. Hence in any time of decreased budgetary receipts, the pressure to decrease non-domestic expenses is increased. A failure to keep domestic welfare expenditures in a reasonable relation to total commitments might very well defeat the very objectives which the British seek domestically. They cannot transfer external responsibilities to us without limitation. We cannot quarrel with the objective of becoming independent of US aid nor with the objective of reestablishing sterling as a strong currency. Obviously, we cannot continue dollar support to the British indefinitely and, due to the wide traditional use of sterling in international transactions as well as the widespread holdings of sterling, the reestablishing of sterling could only have a beneficial influence on progress toward expanding multilateral world trade. It is doubtful whether we are willing to face the consequences which would result from a widespread loss of confidence in the future of sterling. Here again it is a question of priority and emphasis. We believe that the urgency of taking the actions necessary to prevent deterioration in the situation of the Western world is greater than the urgency of terminating dependence upon US aid and the reestablishment of sterling. This belief forces us to face the fact that we may well have to do some or all of the following: (*a*) continue US aid in some form after 1952, (*b*) take a variety of domestically unattractive actions which will in themselves decrease the necessity for US aid, and (*c*) contribute to a solution of the sterling balance problem.

3. *Geographical Diversity of British Commitments.* A major source of difficulty for the British, and for us in our relations with them, is the apparent or real conflict between their roles as a leading European power, as principal member of the Commonwealth, and as an intimate partner of the US. Although certain extremists in the UK appear to believe that one or another of these roles should be put into first place with the others subordinated or even abandoned, this line of thought has no significant strength. But the dilemma of working out a satisfactory balance between these three positions has by no means been resolved. It is only fair to say that we have not resolved in our own minds what balance we believe desirable.

(*a*) The physical location of Britain, as well as a multitude of historical, political and economic factors, tie them closely to the Continent, particularly in the field of security. A concern with the security situation on the Continent has always existed historically. It is par-

ticularly evident today and accounts for the fact that through the Brussels Treaty the British have gone further in establishing an association with Continental countries in the military field than in any other field. The British have had in the past, and continue to have, a strong desire to maintain their political power and prestige with Continental countries. They are vigorously opposed, however, to political union. This opposition springs from a belief that political merger with Continental countries would be fatal to their position as a world power. In addition, the British do not have much respect for the political maturity, resoluteness or discipline of the Continental countries. The British feel that they have developed a stable political system and a type of society which would only suffer by being associated more closely with the Continent. Economically, the British attach great importance to their extra-European economic ties. This springs in part from the fact that the UK is so dependent upon raw material imports from overseas, and hence must carry on a large compensating trade with non-European countries. In addition, they believe that a major part of their position as a world power depends upon their overseas connections, particularly with the whole sterling system which is essentially managed from London. The ability to retain independence of action and maneuverability is of great importance to them, particularly at a time when their internal economy is kept going at its present level only through detailed manipulation of price and wage controls, subsidies and other forms of government direction of the economy. Any proposal which would transfer to a European grouping the power to make executive decisions with regard to the British economy would appear to them to be placing their destinies in the hands of foreign countries whose abilities they doubt and in many cases whose economic philosophies they disagree with.

We must recognize that there is validity in all these points. Significantly there has been less difficulty between us and the British in the field of European defense than in the political or economic fields. Our principal difficulty has related to the reluctance of the British to indicate, in making defense plans, what forces they would be prepared to commit on the Continent. It is probably an academic matter to discuss whether we do or do not favor real political union between the UK and Europe (except perhaps in a context which would include both the US and the Commonwealth). There is no reason to believe that a strictly Western European political union is within the realm of practical politics in the foreseeable future. It is also far from clear that, if we faced up to all the implications, we would favor political merger to such a degree as to mean the end of the Commonwealth system and of the special relationship which exists between the British and us. This does not mean, of course, that we do not believe it necessary to urge the creation of closer political ties between the UK and the Continent, particularly as a counterbalance to the growing revival of Germany. Such a development seems essential, and reqnires us to analyze what steps may be necessary on our part to make it possible. While we must necessarily recognize the great importance to the British of their non-European economic relationships, it is equally clear that the revival of economic health on the Continent cannot be achieved without British participation. We must

strongly urge such participation and again face the action which we must ourselves take to make it possible.

(*b*) While there is a tendency for the British to say that their Commonwealth responsibilities make it impossible for them to associate themselves too closely with the Continent, this is probably often an excuse rather than a position taken as a result of objective analysis. While it is certainly true that Empire and Commonwealth defense relationships must continue to play an important role in British defense thinking as well as in U.S. planning, and while it is also true that a real political merger with the Continent would undoubtedly lead to the dissolution of the Commonwealth relationship, the welfare of the Commonwealth is in the long run dependent upon a strong Western Europe with which the UK is closely associated and close relationships between the US and the UK. The form and very nature of the Commonwealth relationship has undergone great changes in recent years, and we cannot foresee its future. It still seems to retain, however, a considerable degree of cohesion and does represent an institutional arrangement which can be of great value to us so long as it remains strong. It should be an objective of our policy to strengthen the Commonwealth, always bearing in mind that its validity as an organization depends upon the maintenance of the security and prosperity of the whole Western world and particularly upon a continuing close relationship between the US and the UK.

(*c*) The British attach great importance to the continuance of an especially close relationship with the US. This coincides with our own policy. The British, however, are inclined to wish to make this relationship more overt than we feel desirable. This manfests itself in various efforts to reestablish openly the relationship which existed during the last war when, in substance, the British and ourselves managed the resources of all the Western powers. The British react strongly against being treated as "just another European power."

It should be our line with the British to assure them that we recognize the special relationship between our two countries and that we recognize their special position with regard to the Commonwealth. We should insist, however, that these relationships are not incompatible with close association in a European framework. In fact, the close U.S.–U.K. relation and the Commonwealth today find their significance in their ability to contribute to the attaining of other ends, including the strengthening of Western Europe and resistance to Soviet expansion everywhere. We should insist, moreover, that the British recognize that it is necessary for us, when we are dealing with a generalized European problem, not to make overt distinctions between them and other European countries. Any such overt distinctions could only have the effect of seriously upsetting the Continental countries, particularly France, adding to the everpresent fear that both we and the British will abandon them in case of an emergency.

4. *Doubt as to Consistency of U.S. Policy.* Full British cooperation with us is inhibited by their doubts that U.S. policy is consistent or persistent. They cannot but be aware of the conflicts between executive agencies which are so often waged in public. They are, from

experience, impressed by the fact that any U.S. action which requires financial support must be reargued in Congress every year and they are likewise aware of the domestic political pressures which influence Congressional action. Also when the Executive Branch preaches the doctrine of the removal of barriers to trade, specific Congressional actions seem often to be in the reverse direction (shipping, agricultural subsidies and petroleum). Not only does this lack of confidence have a corrosive effect on the working out of joint courses of action but also the British feel that they must not abandon wholly those policies which would give the greatest promise of self support if American aid and cooperation were withdrawn. We cannot deny that domestic political factors have a major influence upon the foreign policy which the Executive Branch of the U.S. Government carries out. This problem is inherent in the democratic process both here and in Britain, although it may well be that it seems particularly present here due to the extremes of publicity to which we go. Our position must be, however, that in recent years, particularly since the war, when the issues of world responsibilities and the necessities of foreign policy have been laid before American people, their response has been intelligent and effective. Furthermore, there is no alternative possible to British reliance upon American action. The U.K. could not survive if it played a role of total independence from and antagonism to the U.S.

5. *Differences of Economic Philosophy.* The divergencies of economic and social philosophy between the U.S. and U.K. lead to differences between us, particularly in the economic and financial fields. Aside from giving a general policy priority to domestic welfare expenditures over external responsibilities, the dominant socialist creed of the Labor Party undoubtedly encourages the maintenance of economic controls in line with the theory that a planned managed economy is desirable. While it is claimed by the British Government that there is no inconsistency between the maintenance of a socialist state and progress towards non-discriminatory multilateral expanding world trade, it is undoubtedly true that there is no theoretical aversion on their part to managed bilateralism. Further, the belief that state economic management is necessary to achieve social and economic welfare leads to the practice of trying to protect the economy against adverse economic developments in the outside world. This practice, in fact, leads to attempts to insulate the economy from outside competitive economic forces, thus limiting the ability of the British economy to adapt itself to changing world conditions.

It is also undoubtedly true that the more doctrinaire of the British socialists are personally affected by a reaction against what they

believe to be the antagonistic philosophy of competitive capitalism. In extreme cases that leads to a personal distrust of American motives and in many cases it leads to an insistence on insulating British economic planning from any chance of intervention by Americans (e.g., British resistance to the idea of U.S. point IV activities in their colonies).

While we cannot deny the right of the British, or of any country, to follow whatever social or economic doctrine they choose democratically, we do have a right and duty to see that the large amount of assistance we are giving is used in a way to promote the objectives for which it is given. We have the right and duty to protest if we really believe that the pursuit of dogma is prejudicing the creation of those conditions which are necessary to recovery and peace.

6. *Temperamental Differences.* A last point which should be mentioned is both traditional and temperamental. We are apt to be impatient, urging fast action, specific commitments and definite plans. The British are much more cautious and favor the gradual approach of expediency and step-by-step pragmatic action, an approach which has traditionally been known as "muddling through". While it is certainly true that we may be too impatient, and dogmatic, the pressure of events and the tempo of the cold war are not such as to permit leisure.

IV. CONCLUSIONS

1. The forces and attitudes which have been described above are realities which cannot be ignored. There is no alternative to facing up to them and trying to work out an accommodation which will permit the full development of the essential U.S.–U.K. partnership and the application of that partnership to the necessities of the world today. There will have to be flexibility and compromise on both sides. The interplay of these factors and forces is such that it is deceptive to believe that clear-cut policy decisions can emerge in any conversation or set of conversations with British representatives. The best that can be achieved is agreement upon ultimate objectives, the allaying of suspicions and doubts, and agreement on the necessity of working out solutions. The last may include the establishment of special procedures for continuing consultations comparable to the continuing talks after the September 1949 meetings.[3] One thing is sure, that there can be no accommodations unless there is established a framework within which both countries feel free to discuss and make recommendations with regard to policies and actions which may seem to be of purely

[3] For documentation on the American-British-Canadian financial talks (ABC), held in Washington, September 7–12, 1949, see *Foreign Relations*, 1949, vol. IV, pp. 832 ff.

domestic concern. Furthermore, it must be realized on both sides that governmental leaders can at best only agree on what policies they will seek to have their government follow. On neither side can binding long-range commitments be made.

2. The salient points to bear in mind in determining our relations with the British are the following:

(*a*) To achieve our foreign policy objectives we must have the cooperation of allies and friends. The British and with them the rest of the Commonwealth, particularly the older dominions, are our most reliable and useful allies, with whom a special relationship should exist. This relationship is not an end in itself but must be used as an instrument of achieving common objectives.

(*b*) We cannot afford to permit a deterioration in our relationship with the British. We must strive to get agreement on the identity of our objectives and reaffirm the fundamental identity of our interests.

(*c*) British capabilities are limited by the British financial position. We are affected as well by limits on our financial and other capabilities. The British appear to be giving an overriding priority to these steps which will terminate their need for outside aid and reestablish sterling as a strong international currency by mid-1952. Concentration on this financial goal may be seriously prejudicing other more important world objectives. If we urge the British to change their emphasis, we must ourselves face the probable necessity of some form of continued U.S. aid after 1952, the necessity for each to take difficult internal actions, and the necessity of doing something to lessen the pressure of the sterling balances.

(*d*) We should reassure the British that we do not advocate their political merger with the Continent, but that we are convinced that closer economic and political, as well as military, ties between them and the Continent are essential. In this connection we would be glad to support British leadership (in conjunction with the French), and we must face the implication for us, i.e. what action must be taken to enable closer U.K.–Continent association to develop?

(*e*) While we recognize and support the British in their role as leader of the Commonwealth and their attempts to strengthen it, we do not believe that, except in very special cases, this role is incompatible with close association with the U.S. or with Europe.

(*f*) We recognize the special close relation between us and it is one of the premises of our foreign policy. It is not, however, a substitute for but a foundation under closer British (and perhaps U.S.) relations with the Continent. In dealing with other Europeans, however, we cannot overtly treat the British differently and they should recognize that the special US–UK relation underlies US–Europe relations, and that we do not consider close UK–European relations as prejudicial to the US–UK relation.

(*g*) There is no future for the British apart from close collaboration with the US. They will have to rely on our record, which is good, and we each have to continue to recognize that public debates and domestic political antics are an essential and fundamentally useful part of the democratic process.

(*h*) Both the UK and ourselves must strive to temper our domestic programs to the realities of the cold war. Since we have greater economic latitude, this will be harder on the British. Their economy needs to be made more adaptable to the economic facts of life. There is no future in economic isolationism, for the UK or the Commonwealth or the sterling area.

(*i*) The traditional British preference for the gradual step-by-step approach is too leisurely for the pace of cold war.

V. RECOMMENDATIONS

1. The first objective of the talks with Mr. Bevin is to establish the harmony of basic objectives between the U.S. and the U.K., our inter-dependence and the necessity for a close working relationship involving a continuing frank exchange of views. It should be pointed out to Mr. Bevin that without such a foundation, little lasting progress can be made in dealing with specific issues. The Secretary should recognize that there have been signs of unusual stresses and strains between us. Difficulties are inevitable when the relation is so close. It should be a major objective of our diplomacy to lessen and when possible eliminate the strains.

2. The Secretary should continue with the following line with Mr. Bevin. We recognize that there is and must be a very close relationship of collaboration, cooperation and common action between our two countries; and that this relation is essential to the security, prosperity and expansion of the free world. The collaborative efforts of the U.S. and U.K. and the Commonwealth must be used to accomplish our common objectives in the world. As of today the U.S.–U.K. relation will find its main significance in the support it can give to our joint and several roles in accomplishing the strengthening of Western Europe and the repulse of Soviet expansion throughout the world. We recognize that such a relationship carries with it certain consequences on our side including the following:

(*a*) An attempt to avoid any actions in the foreign field which will significantly injure essential British interests.

(*b*) Recognition of the importance of the British position as leader of the Commonwealth and willingness to support the Commonwealth relation without prejudicing, of course, the normal conduct of our relations directly with the dominions.

(*c*) Recognition of the necessity of affirming U.S. support of the organization of Western Europe (including the U.K.) into a strong healthy community.

(*d*) Willingness to continue to support these steps which will further the attainment within a reasonable time of a balance in the international accounts of the U.K. and the sterling area at a reasonable level, and the reestablishment of sterling as a strong international currency.

(*e*) Continuance of our efforts to take such domestic action as seems necessary to further the above objectives and willingness to have constructive suggestions made as to what steps we should take, without considering such suggestions as impertinent interference in internal affairs. We recognize that circumstances may require, in addition to domestic action on our part, that the U.S. consider the necessity of some form of continued aid after 1952.

(*f*) A continuance and expansion of the practice of intimate discussion, consultation and collaboration which exists, as exemplified by the joint military planning and the continuing consultations resulting from the September 1949 ABC talks.[4]

3. The Secretary should point out that on the British side there are comparable consequences, and that recognition of the special U.S.–U.K. relation should enable the British to follow certain courses of action which might seem risky from the British point of view in the absence of that special relation. The correlative British consequences include the following:

(*a*) An attempt to avoid any actions in the foreign field which will significantly injure essential U.S. interests.

(*b*) Recognition that a strong and effective Commonwealth relation can only exist in the context of a strong free world based on a healthy and vigorous Western European community and on U.S.–U.K. collaboration. This implies recognition that in any case in which they claim that collaborative action with Western Europe or the U.S. is prejudicial to the Commonwealth relation, the burden of proof will be on the U.K. and on the dominions to show that such is the case, and joint or simultaneous consultation with the Commonwealth countries will be called for.

(*c*) A considerably greater degree of participation and leadership in the organization of Western Europe into a strong reliable association politically, economically and militarily, particularly supporting the strengthening of France. In addition, the British will have to recognize that in the European context, we must deal with them as a European country and they must not try to demonstrate overtly a special relation to us.

(*d*) Recognition and acceptance of the principle that the security and prosperity of the free world cannot be reached through an insulated sterling or soft currency system, permanently protected from the impact of the competition of outside economic forces through trade and financial controls and restrictive practices, public or private. This will require facing the fact that the overriding priority which the British seem to be giving to achieving a balance in their accounts is in some cases prejudicing the achieving of world conditions essential to the continuing security and stability of the free world. Consequently, they may have to accept the postponement of self-support until after 1952.

(*e*) Willingness to face and act on the necessity of accomodating domestic actions and objectives to the actions necessary to achieve

[4] For documentation on the continuing consultations between the United States and the United Kingdom during the rest of 1950, see pp. 1598 ff.

world aims. In this connection, the necessity of our being in a position to comment on and make suggestions as to their internal problems and actions will have to be accepted. This last is particularly necessary in the light of the responsibility which the U.S. Government has for ensuring that the large financial support which we are giving the U.K. and through the U.K. to overseas territories and the sterling area, is in fact being used to attain the objectives for which it is given.

(*f*) Wholehearted acceptance of the practice of continuing and intimate consultation and mutual discussion of problems of common interest, as outlined above.

4. As an example of the type of consultation he believes necessary, the Secretary might refer to the continuing ABC machinery, by which, on a strictly confidential basis, we receive British ideas of what actions on the part of the U.S. would be most helpful in resolving the "dollar gap", and we are able to make the British, on the same basis, comparable suggestions as to British domestic actions.

5. The Secretary will have to point out, of course, that he cannot make hard and fast commitments. On the other hand, the complexities of international relations are such that clear-cut issues seldom arise. The important step is to agree on common objectives, dispel the accumulation of doubts which minor disagreements generate and provide a mechanism for close consultation.

396.1 LO/4–2650 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 26, 1950—7 p. m.

Secto 20. See Secto 12, April 25.[1] Perkins met with Jebb this morning to explore problem of UK relations to Europe. Jebb presented 1-page paper he had drafted in effort to clarify British attitude though he emphasized it was only reflection of personal views, not Governmental views. It said in essence that British distinguished between "unity" and "union" of Europe. "Unity" meant cooperation of equal partners in advancing solution of common political and economic problems. OEEC and Council of Europe were agencies of unity and UK could and does participate. "Union" on other hand involves progressive steps leading to surrender of sovereignty as end result. This the British are not prepared to do.

In opening comment Perkins indicated our belief in Europe's importance as the chief area of strength to be developed. The 2 problems are to develop higher living standard as demonstration our civilization is better than communism and to bring Germany in as component part

[1] *Ante*, p. 865.

of Western Europe. To meet these problems, British participation and leadership are needed. He cited EPU as example. Jebb agreed with this analysis but he contended that anything more will lead surely and eventually to federation. If British go further with EPU, it will lead them on road which would weaken sterling. Jebb then returned to idea advanced in yesterday's meetings of "umbrella" organization existing in Atlantic area which would include US and Germany, as solution for UK's dilemma. Perkins asserted we do not wish to push European Union but he could not see what the difference would be so far as UK's difficulties are concerned between European Union and Atlantic Union, since both would presumably involve some eventual surrender sovereignty. Without directly replying, Jebb said that Britain fears European Union because they would be at mercy of united and strong Germany and would have European unemployment problem dumped in their laps.

Bohlen[2] observed that British paper did indicate substantial change in situation. We first faced present situation at end of 1947 and idea emerged of European community of which UK would be a member, which would be assisted by US to become self-sustaining entity. This idea is still held by US public and Congress. Apparent, however, that British view is now changing and British do not consider such European entity obtainable, including UK. He asserted there is little chance for Continental union without British participation as French would certainly fear German domination, and Scandinavians and perhaps Netherlands would follow UK. Jebb continued to push point that UK could not federate, that Parliament would vote against federation, but inquired whether Continentals could not combine under shelter of super organization which would include "British and US and everyone."

Perkins pointed out that there are many things which could be done and which we would have hoped British would do short of federation. He thought, for example, that British could agree to elimination of dual pricing with [*without?*] damaging Commonwealth ties. Although pleading ignorance on this matter, Jebb agreed these things can be done. Perkins referred also to elimination of trade barriers and cited our belief in large markets as argument for trade liberalization. Jebb emphasized, however, that these things really dependent on existence of single government in area concerned.

Jebb again reverted to idea of organizing a larger Atlantic unity. Bohlen several times pressed Jebb to see whether existence of this larger unity in organized fashion, including US and West German

[2] Charles E. Bohlen, United States Minister at Paris.

participation, would permit British to take more relaxed attitude and whether it would remove obstacles to full British participation. Jebb finally said he could not really answer this question, but he thought so. Speaking purely personally, he thought politically it would be a more possible move. People would be prepared for greater sacrifices and would have less fear of US domination than of German domination. Further discussion seemed to develop general agreement that the formation of new strength in Atlantic organization would relieve most people in the world and would not serve to alienate other countries.

Bohlen several times emphasized the rather urgent time factor involved. Something had to be done fairly soon by way of including Germany in firm Western organization. Germany was recovering her independence in spirit and in fact so rapidly that we had possibly no more than another year in which to influence her course toward West. There was general agreement on this point. Problem accordingly boiled down to best method of getting Germany and US into same organization. Jebb added that British objective is to get Germany into some non-military organization. Perkins indicated that he was not against new Atlantic organization and that we would, of course, be willing to study this idea, but we want to know whether it will work. He thought it could not be done yet because the plans and implementations are not thought out, and he thought the group to be set up under NAT could study this problem.

In summary it was US view that there is a middle position between what we now have and federation where British leadership could be exercised. The British view is that UK cannot do much more than now for fear of federation involving surrender of sovereignty. They believe an umbrella organization would be helpful. Both sides agree that problem of German participation is vital and that what is needed is organization including both US and Germany.

Two salient points emerged from this conversation. First, British seem firmly determined not to go further in cooperation with Europe than they have done up to present. Second, they returned again rather strongly to idea thrown out yesterday of some new Atlantic super organization. It is evident they have been thinking along this line although they remain vague as to exact form or functions of such organization. We have not entered into much discussion on this point in view of lack of clarification Department's views. Vagueness of proposals indicates idea has not been thought through. However, because of British attitude and Bidault's speech, we will probably be faced with some such proposal and our position should be prepared.

528-933—77——57

396.1 LO/4–2750 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, April 27, 1950—midnight.

Secto 33. From Jessup.

1. Jessup had meeting with Wright yesterday to explore further questions under agenda items 4 and 5 (see Secto 12 April 25). Wright opened with reiteration special relationship theme, asserting that whether we like it or not, and whether our views differ or not, special character Anglo-US relationship is such that in present world situation "nothing but paralysis" can ensure [*ensue?*] if we work at cross purposes.

2. At Jessup's suggestion attention then devoted to brief examination special cases in areas where for one reason or another US–UK views may diverge. Wright indicated that as a result of discussions in 1947 and 1949 [1] close approximation our objectives in Middle East had been achieved. It was therefore unnecessary to go into matter at any length now, although certain specific countries might be touched on next week. During ensuing conversations, he mentioned *inter alia:*

(*a*) British feel if situation in Iran is to be corrected, pressure on Iran to take advisable internal measures necessary, irrespective fact that this may lead to charges of interference Iran's domestic affairs.[2]

(*b*) British hopeful that some arrangement can be reached with Egypt but apparently not yet decided whether to wait until 1956 when present treaty expires, or to try to reach some compromise arrangement before then.

(*c*) UK examining question possible Mediterranean regional pact which would preferably involve trilateral arrangement among UK–Egypt and Turkey thus avoiding Egyptian claim present arrangements unfair as they are between strong and weak state.

(*d*) British feel that long term stabilization problem Israel-Arabs can only be reached by Anglo-US guarantee of agreed frontiers.

3. As regards other areas, Wright:

(*a*) Stressed desirability Commonwealth important contribution Southeast Asia, especially by Australia and New Zealand; latter, he asserted, not entirely clear US policies toward area and hence it would be desirable if we could explain our thinking to them.

(*b*) Voiced concern differences between US on colonial question.

(*c*) Expressed regret Anglo-American cooperation ARA matters not as close as in other areas.

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[1] For documentation on the U.S.–U.K. talks on the Middle East in 1947 (Pentagon) and in 1949 (Wright–McGhee discussions November 14–22), see *Foreign Relations*, 1947, vol. v, pp. 485 ff. and *ibid.*, 1949, vol. vi, pp. 50 ff.

[2] Documentation on United States policy toward Iran is scheduled for publication in volume v.

4. With respect to functional questions, Wright emphasized necessity direct UK–US strategic planning over and above that provided for in NAT in view probability that we will bear brunt of fighting in event of war and fact that each of us has special responsibilities in particular areas. He also proposed that Acheson and Bevin discuss question of exchange of secret information, and in reply Raynor's question indicated suggestion included subject of atomic energy. Matter was not pursued further.

5. Wright stated that analysis of previous discussion led to another question, namely desirability of establishing some mechanism re our "general relationship" which would tend to prevent situations arising where we might work at cross purposes. This might be achieved through drafting agreed minutes or possibly unilateral statements setting forth our common objectives and steps to be taken to attain them. Objectives could be expressed in both area and functional terms and could be reviewed together from time to time. He had in mind joint minute similar to that drawn up at conclusion US–UK Middle East discussions in Washington in 1947. Jessup replied that we should study Wright's proposal which, as he saw it, might involve a recording in words on what might be agreed to in present preliminary talks and at ministerial level.

6. Jessup then suggested consideration be given to degree which we should consult with other powers in these particular fields, pointing out that we should not allow suspicion or jealousy to develop on part of French or others. Hence, desirability spelling out here on trilateral level mechanism for exchange of information. We were seeking to work out common objectives in so-called "cold war"; should we not also envisage same type of consultation in other fields? Wright indicated British thinking along same lines. However, feel that they can discuss things with us in informal way which they cannot do with anyone else. Jessup agreed that coordination was less difficult on a bilateral than on a trilateral basis. Assuming, however, that three Western Foreign Ministers will continue to get together at intervals, might we not add continuing mechanism to these consultations as, for example, informal periodic meetings between Secretary of State and French and UK Ambassadors at Washington? Wright concurred in suggestion and indicated he would like to explore it further next week.

7. Agreed at conclusion meeting that statement points covered would be drawn up for consideration US–UK bilateral discussions April 28.

Sent Department Secto 33, repeated Paris 671.

[Jessup]

396.1 LO/4–2850 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 28, 1950—midnight.

Secto 43. From Jessup.

1. US–UK bilateral meeting held this morning[1] to review work sub-committee which met April 26 and to consider coordination information policy (DB–27*a*[2]).

2. Makins opened with summary deliberations economic sub-committee which Labouisse had headed for US.[3] Discussion he said had centered around UK viability by 1952, soft currencies, and UK stresses and strains. Re latter he had elaborated on political and psychological as well as economic factors involved and steps foreseen to obtain better equilibrium. Labouisse in turn had outlined measures which US thought UK should take. There had, Makins said, been general agree-

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[1] This fourth U.S.–U.K. bilateral meeting was held April 28 at 10 : 30 a. m. in the Foreign Office.

[2] Not printed; FM D B–27*a*, "Coordination of Public Information Activities under North Atlantic Treaty," recommended that the United States seek NATO Council agreement along the following lines:

"*a.* Each country to continue to have responsibility for developing the most effective public information program.

"*b.* Article 2 of the Treaty should be implemented (1) to provide for the exchange and coordination of information material within the North Atlantic Treaty Organization, and (2) to concert the information policies of the Member governments, in furtherance of the objectives of the North Atlantic Treaty.

"*c.* The Council to agree on the North Atlantic Treaty Organization machinery most appropriate for the task and, if possible, issue the necessary directive. From the United States viewpoint, the most appropriate body to handle this task would appear to be a unit within the additional central NATO machinery the establishment of which is now under consideration by the Treaty members. It would not, for reasons stated above, be designated as the 'North Atlantic Treaty Information Bureau', or any similar title, but would act as a clearing-house where information relating to the policies as well as the information projects of the different members could be exchanged and where the different Pact governments could keep each other informed of the scope of their programs, the problems encountered, and how best to solve them. The representatives could work together on common information projects and appropriate information material could also be exchanged which might be suitably adapted by other members for use in their own programs. Arrangements should also be made for it to develop appropriate information from the Defense Finance and Economic Committee, the Military Production and Supply Board, the Standing Group, and other NATO bodies for release to the respective governments for their use in their information programs."

If this proposal were adopted, it should not be allowed to interfere with existing bilateral or multilateral arrangements and should support the objectives and purposes of the United Nations Charter. (CFM Files : Lot M–88 : Box 149 : May FM Meeting B Series) An earlier draft of this paper, FM D B–27, dated April 11, contains the same recommendations, as does a subsequent draft, FM D B–27/1, dated April 22, without the admonition about existing bilateral and multilateral arrangements, neither printed. (CFM Files, *ibid.*)

[3] A memorandum reporting the results of the first two meetings of the economic subcommittee, dated April 27, not printed, is in the London Embassy Files : Lot 59F59 : 320 FMC.

ment re main objectives but differences on "immediate objectives" as regards both timing and approach. There had been doubts on US side re sincerity with which UK was pursuing matter and doubts on UK side on ability US to keep its economy out of trouble. US side also had doubts re UK internal policies with respect to both rigidity and use of resources and as to certain aspects sterling system. US side had explained reasons for rigidity and inability to take on more commitments. Sub-committee Makins said had concluded by agreeing that continuance discussions between US was most helpful and that bilateral talks should be extended as widely as possible. An agreed paper on problems involved would be drawn up for consideration but no decision by Ministers (paper will bear on items two and three bipartite agenda).

3. Labouisse said Makins summary represented fair estimate of discussion. There had been a number of points of difference between US and UK which were presumably due to economic and financial causes—US was concerned at times, however, as to whether or not there was agreement in principle. He agreed that close and frank consultations were best means of preventing difficulties.

4. Consideration then given to work of Perkins–Jebb sub-committee on relationship between UK and Western Europe. (Secto 20, April 26.[4]) In oral summary Jebb said that UK had been concerned that we wished to push her into steps leading to economic or political union Western Europe. Reiterated efforts pointed to unity are acceptable but not those leading to union. Perkins had explained that this was not our purpose although we felt that UK should take further steps towards Western European unity. British were, however, not entirely clear as to nature our proposals. There was developing situation in both Council of Europe and OEEC and Jebb would appreciate it if we would put our finger on things where we would like UK to go further. There were, however, certain points beyond which UK could not go where they would conflict with other obligations and commitments.

5. Jessup attempted to pin Jebb down, inquiring whether we were clear between ourselves where these points are. Latter avoided direct reply. There were, he said, certain proposals in C of E which provided majority vote could direct economic policy for whole area. UK didn't like this and furthermore didn't think that we would. Establishment some such organism politically impossible as both government and opposition opposed.

6. Perkins asserted our suggestions did not envisage impingement sovereignty although some loss sovereignty might occur in certain

[4] *Ante*, p. 881.

cases, as for example, all of us had given up part of it in entering into NAT. Jebb replied that he did not mean British opposed establishment organism in wider field but only in relationship to Europe. Sovereignty he continued was difficult to define. What he meant was that British do not want an organism which would result in "constitutional change".

7. Perkins maintained nothing in our proposals involved such a change, mentioning EPU, elimination quantitative restrictions, lowering tariffs, freer movement peoples, general common economic policy in area and development OEEC. Part of this he said stems from our concern over Germany. It seems to us that there are certain things which could be handled jointly. There were also certain things in which we feel UK is holding back and that basically this is where issue lies.

8. Makins said "essentially" British accept these objectives. They wish an EPU but feel that they cannot accept certain forms of EPU put forward at Paris. Nevertheless some progress being made there. UK's record was as good or better than others within balance payments position, and under satisfied [*satisfactory*] EPU they could go even farther. There were furthermore conflicts between policies being pursued by OEEC in these fields which have far-reaching implications and that OEEC is now trying to determine what these conflicts are. For example, Austrians and Norwegians maintain that further liberalization would lead to unemployment their countries.

9. Discussion then turned to question of UK leadership. Perkins said we feel that British should assume this and that other nations will hold back until they do so. UK representatives agreed that this was "fair point" but maintained that very fact that they are in role of leaders requires them to examine problems more thoroughly, and "because we point out difficulties, people think we are making difficulties."

10. Jebb inquired whether we felt that UK's acceptance our suggestions re EPU, would result in one market and further whether one market possible without economic or political union. Perkins replied that what US wants is a healthy Europe and to keep it developing. Furthermore none of things which we think should be done are very drastic. Jessup said that urgent situation now facing us necessitated reexamination of UK's position in Europe and that of US in Atlantic community and vice versa. By way of hypothesis one solution would be merger into single state. This was out. We also reject idea of single Europe state with UK. Question was therefore what we should do short of these measures to solve problems confronting us.

11. Makins inquired whether our objectives would be satisfied in "next period" if we saw EPU working, trade being liberalized, harmonization economic policies and continuing progress in both OEEC and C of E. In reply question he defined "harmonization" as clarification of effect of pursuing simultaneously several policies which may conflict with each other. Labouisse pointed out that there were additional steps such as rationalization of investment. Makins observed this was now major subject of study in OEEC. Hall asserted liberalization was beginning to "bite" through creation dislocations. Makins said he understood US was not urging UK to enter any "institutional adventures" in Europe. Labouisse dissented, asserting we felt there were institutional arrangements which British could and should enter such as EPU.

12. In reply Makins question Perkins said that we do not feel that OEEC and C of E should necessarily continue as separate entities but that their functions should. Makins remarked that pull of C of E is stronger and that there is feeling that it might eventually take over OEEC's functions. For time being, however, he considered that both should continue as separate institutions. Perkins indicated that we had no particular views on that score although probability was that they would eventually merge.

13. It was agreed that the economic sub-committee would draw up a paper for consideration UK–US bilateral meeting May 2.

14. Wright then summarized work sub-committee with Jessup (Secto 33, April 27 [5]). Central thought had been that we had major common purpose to build strength and unity non-Communist world and that in this relationship each of us has special burdens and responsibilities to bear. It must further be recognized that if either of us weakened or hurt other, entire structure would fall. Hence it was desirable that we get our general relationship to each other clear in our own minds. Wright then stressed need to improve bilateral machinery, closer cooperation in colonial and information fields, coordination at all government levels and avoidance insofar as possible divergencies in UN. Re consultation on colonial matters, he suggested that discussions should preferably be held in London. Parrott [6] has mentioned this to Raynor and British apparently will press for changing locus later bilateral colonial discussions Washington to London.

15. Jessup expressed general agreement with Wright's summary and advised him that we had certain suggestions to make on paper which British had drawn up on subcommittee meeting.[7]

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[5] *Ante*, p. 884.

[6] Cecil C. Parrott, Head of the United Nations (Political) Department of the British Foreign Office.

[7] Not found in Department of State files.

16. Consideration then given to US paper on coordination of information (DB–27/1 [8]) with which Warner [9] said UK basically in agreement. He concurred desirability coordination on national programs but pointed out difficulty of setting up 12-power body for this which would have more possibilities for "stalling than stimulating". Hence it would be useful to discuss precise degree of coordination required and machinery to attain it. Once we had reached common line matter could be discussed with French and thereafter considered at NAT council.

17. Meeting agreed that matter would be discussed further after arrival P area representative.

18. At conclusion meeting Wright stated Massigli had expressed regret Middle East *not* included on Tripartite agenda. He had, he said, taken line that we wished to limit matters for consideration of Foreign Ministers to those of crucial importance such as Germany, China and Indochina and therefore did not feel it necessary to include Middle-East. Jessup and Raynor agreed that if possible we should not include Middle-East on tripartite agenda.

Sent Department Secto 43, repeated Paris 684.

[JESSUP]

[8] Not printed, but see footnote 2 above.

[9] Presumably Christopher F. A. Warner, Assistant Under Secretary of State for Foreign Affairs.

396.1 LO/4–3050 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET LONDON, April 30, 1950—midnight.

Secto 56. From Jessup. Reference bipartite paper BI/P/5 April 29, 1950.[1] Below is report of US–UK sub-committee which examined question of continued consultation on and coordination of policy.

"*III. Sub-committee—continued consultation on and coordination of policy.* The sub-committee met on the 26th April.

2. The [*A*] short survey was made both of geographic areas with particular reference to the Middle East, and of functional fields. Certain points were identified in various areas for special discussions during the following week.

3. From a discussion on objectives and machinery the following general conclusions resulted without commitment on either side.

4. It is the common purpose of the two countries to build up the strength and closer unity of the non-Communist world.

[1] This report was designated UKUS/P/5 and dated April 29 in the records of the conference.

5. In working towards this purpose special burdens and responsibilities fall upon the United States and the United Kingdom. They would bear the principal brunt of action in the event of war, and they have common interests not only in the Atlantic area but throughout the world.

6. If they work at cross purposes the effort to build up the strength of the non-Communist world will be endangered, if not paralyzed.

7. In the light of these special responsibilities it is particularly desirable that, in the light of their obligations as members of the United Nations and of their other associations, there should be continuous consultation and close coordination of policy between them.

8. It was of course recognized that the development of closer consultation with other like-minded governments was desirable, and that opportunity should be taken to develop the practice, which already takes place in a wide field.

9. It would be of advantage if as a result of the present discussions common objectives could be identified, both in geographical areas and in functional fields. An attempt should be made to bridge such divergencies of view as may be found to exist. If there are points on which it is impossible for the time being to reach agreement, it should be the aim to limit, as far as possible, both the area of disagreement and the effect of such disagreement on other questions.

10. The committees which would be working during the following week should be asked to endeavor to prepare papers which would serve this purpose.

11. If such a body of common objectives can be worked out, it would be of advantage to arrange for periodical reviews of them as a whole. One suggestion was that this might be done in one of the two capitals between the Foreign Secretary and the Ambassador of the other at intervals of perhaps two months.

12. It was suggested that it was an essential principle in the coordination of policy that it should be contrary to the policy of either government to injure the other or take advantage of the other. On the contrary, it should be their parallel and respective aim, within their agreed objectives, to strengthen and improve each other's position by lending each other all proper and possible support. The United Kingdom representative pointed out that this principle had already been recognized on both sides in a particular area, namely, the Middle East, and therefore would not constitute a new departure. It might be of advantage to consider whether each should inform the other in some appropriate manner that it was their aim to work on this general principle.

13. The suggestion was made that one field in which divergent attitudes might result in weakening of each other's position in face of Communist attacks was the approach to colonial questions. It was felt that further discussion and consultation was desirable with the aim of avoiding misunderstandings and divergencies, both in general approach and in discussions in the United Nations. It was agreed that in this general category of questions the problem of Africa should receive special consideration.

14. As regards the United Nations, it was felt to be highly desirable to avoid divergencies at Lake Success and in general (subject always

to special cases) to avoid situations arising in which one country found itself in the position of opposing or voting against the other. There might be advantage in extending the practice of consultation prior to important meetings of the United Nations.

15. It was also felt that consultation in the specialized agencies of the United Nations might be further developed and that delegations attending technical conferences, e.g. on radio frequencies, might be briefed more fully in the light of general common objectives.

16. In the strategic field it was noted with approval by both sides that the principle of close direct consultation was already established and was being put into effect.

17. United Kingdom representative suggested that the question of exchanges of security information, and certain questions concerning atomic energy, might require discussion later in the talks.

18. It was felt that increased coordination on information policies was desirable and should be further discussed. There might be scope for some additional machinery for this purpose.

19. It was felt that in the coordination of policy constant day by day exchanges of view played an important part. This was particularly valuable before policies were finally formulated. Constant contact between officials at appropriate levels was an important factor.

20. It was also felt that the appointment of officers specially qualified in particular fields to the respective Embassies had proved a valuable experiment which might be continued or developed with advantage. Latin America was one of the areas mentioned on which closer cooperation might be developed.

21. It was felt that consultation and coordination between American and British representatives in the field, as well as in Washington and London, was important and might be further developed where appropriate. In some areas representatives in the field have already been given a general directive in this sense. This might be further developed.

22. It was also felt that consideration might be given to assuring that appropriate procedures exist in each government for bringing to the attention of other departments and agencies the practice of consultation and the general policy considerations which should be kept in mind even in technical matters.

23. It was agreed that economic aspects of cooperation fell [*sic*] to be discussed in other sub-committees."

[Jessup]

London Embassy Files : Lot 59F59 : 1447 : 320 FMC

Memorandum by the Counselor of Embassy for Economic Affairs in the United Kingdom (Baldwin) to the Ambassador (Douglas)

SECRET London, May 1, 1950.

Subject: Economic Discussions Preliminary to CFM Meetings.

The third meeting of representatives of Ambassador Jessup's party and British officials to discuss economic matters was held today in

the Foreign Office.[1] British representatives presented a short draft of a proposed joint memorandum covering the economic talks.[2] The draft memorandum indicated that the conversations, which were of a general nature, had disclosed that:

(*a*) Doubt existed in some quarters as to the identity of U.S./U.K. "ultimate objectives;"
(*b*) The ultimate objectives of the two countries are full convertibility of sterling and the end of discriminatory trade practices;
(*c*) There is not full agreement on the steps by which, and the pace at which, those objectives could be attained;
(*d*) The ability of both sides to take the internal and external steps necessary for the achievement of agreed objectives is largely determined by the readiness of each side to ease the task of the other.

The memorandum recognized that there is a real difference of emphasis on short-term objectives which will be for some time a potential source of conflict on specific issues, and concluded that constant and intensified contact will be necessary to ensure that the issues are viewed and settled with the broadest possible comprehension of mutual, long-term interests.

American representatives requested time to review the draft and submit their views.

British representatives at this meeting injected into the discussions, for the first time, the idea that the British Government might be more willing to make "concessions" to the United States viewpoint in matters of foreign economic policy if the North Atlantic Treaty organization were developed to a point where it would embrace political and economic problems in a manner which would ensure that the U.K. was not treated solely as a part of Western Europe. Sir Roger Makins expressed "his personal opinion" that the British Government would hardly be "willing to face the risks" which would be involved in such concessions under other circumstances. He referred to the desirability of finding some means whereby the U.S., the U.K. and Western Europe, and the Commonwealth, could be tied together more closely. Plowden and Hall expressed general agreement with his views which suggests that they were probably somewhat more than "personal." Makins apparently assumed, quite properly, that the implications of his comments were fully understood by all present and did not go into details.

C[HARLES] F. B[ALDWIN]

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[1] Regarding the first two meetings of the economic subcommittee, see Secto 43, April 28, and footnote 3 thereto, p. 886. A copy of the British Delegation minutes for this third meeting, held at 11:30 a.m. in Sir Roger Makins' office, is in CFM Files: Lot M–88: Box 150: UK Current Problems.

[2] Not found in Department of State files.

PREPARATORY MEETINGS OF THE UNITED STATES AND FRANCE

396.1 LO/4–2750 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 27, 1950—10 p. m.

Secto 31. From Jessup.

1. At first US-French bilateral this morning satisfactory preliminary exchange of views, understood to be informal and noncommittal, took place on NATO (agenda item 4*a*).[1]

2. Alphand leading officer for French centered discussion along 2 general lines:

a. Creation small executive body of NATO acting under general directive of Council to lay plans and take action on organization of defense and finance.

b. A new economic organization of the Western Powers, unrelated to NAT, to include present OEEC countries (he specifically mentioned Germany) plus US and Canada.

3. Principal problem to be tackled by NAT executive body would be coordination military and finance aspects of rearmament and its functions would be:

a. Drawing up of rearmament plan.

b. Division of production tasks between countries. Alphand explained that the body was not to be the purely economic one contemplated under Article 2 NAT. As for composition Alphand clearly thinking along lines of standing group although did not specify membership. French have not even decided whether representatives should be international civil servants or Government representatives or combination of both. Body should have wide powers of initiative and execution on terms of reference specifically agreed by Council, it being understood that all powers were by delegation from Council. Men should be of high level and first quality on full time basis.

4. Re new eastern [*Western*] economic organization, its functions should be purely economic but should also be directed toward countering Communist propaganda and its objective to avoid cyclical crisis in light of impact of rearmament on Western economies and in light assumed disappearance ECA 1952. It should not be an outgrowth of NAT nor derived from Article 2 of treaty, since Germany, Switzer-

[1] The United States Delegation minutes of this meeting, US-FR Min 1, not printed, held in the conference room of the United States Embassy at 10:45 a.m., are in the CFM Files: Lot M–88: Box 150: US-French Bipartite Meeting.

land, and Sweden must be in new organization and are not in NAT. Not appropriate that Germany should become NAT member and Sweden and Switzerland (particularly latter) would be reluctant associate themselves with NAT whose military aspects conflict with neutrality concept. On other hand new organization should not be limited to present OEEC which should be allowed continue after 1952 as purely European organization possibly affiliated with Council of Europe. New organization should consist for study purposes of OEEC members plus US and Canada with consideration later being given to admitting other Western members.

5. Perkins for US stating US views on new NAT body not far apart from French outlined US position on creation permanent commission as contained in B–1.[2] He stressed that in addition coordination of defense and financial policies, permanent commission could also consider where appropriate political, economical, and propaganda coordination. Likewise emphasized US view commission should be composed deputies all Council members and would in effect be Council sitting permanently at deputy level but with a fulltime staff under competent executive to act on specific problems. Basic need is for a focal point of decision which can now only be intermittently provided by Council. (Alphand agreed that was our mutual objective.)

6. Re Alphand's proposed new Western economic organization Perkins stated US policy had not been crystallized but there had been some general thinking along lines of economic association including US, Canada, Germany and WU countries. He pointed out this was a problem which must be eventually approved by Congress.

7. After discussion Alphand suggested that from 3 ministers meeting decision might emerge to appoint a group possibly including Canada to contact a group of say 4 OEEC countries to consider problems basic to creation new organization.

8. Re location permanent commission, French had no views to offer. Jessup suggested and Massigli agreed that after further discussion of permanent commission in tripartite meetings our respective representatives on IWG in Washington should be advised our conclusions with view to sounding out other NAT members.

Sent Department, repeated Paris 669.

[Jessup]

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[2] Not printed; but see background paper of April 25 and footnote 1 thereto, p. 65.

396.1 LO/4–2950 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, April 29, 1950—noon.

Secto 53. From Jessup. Second US-French bilateral Saturday a. m. In leading off on agenda item 2, Bohlen stated (following B–17 [1]) objectives of 2 countries largely coincided, that there were few major bilateral problems and that such differences of opinion or lack of correlation of aims as existed occurred mainly in third areas. As for US attitude toward Franco-American relations it would be said US considered a strong and vigorous France essential to a free Europe and cooperation of French essential for success common policies of Western World. Listing few general points (specifically excluding Germany and Indochina, to be discussed next week) Bohlen stated US policy had been reflected so far as metropolitan France was concerned in constant US effort toward economic recovery, and in the international field France's position on SG of NAT spoke for itself. In view recent official statements made in North Africa particularly Algeria misrepresenting US policy toward that area, Bohlen felt it appropriate to reaffirm US interest in harmonious economic, social, and political development this area under French aegis adding there was no wish for special US privileges or for US substitution for French position or influence there. Turning to specific issues, while inviting French delegation to raise any they wished, Bohlen mentioned only 2, urging rapid conclusion. FCN treaty in order to clearly establish principles underlying US investments in France and need for continuous and where possible advance consultation on German problems in order avoid repetition situations such as recent public clatter over Saar necessitating issuance special public statements which no more than reiterated long established policies.[2] In conclusion stated 2 countries were free from major

[1] Not printed; FM D B–17, "The Role of France in the World, Especially in Europe," dated April 5, suggested that Secretary Acheson:

"(*a*) obtain French concurrence with our fundamental common objectives (FM D B–20)

"(*b*) express the hope that we will be kept informed of French intentions regarding Germany

"(*c*) reassure M. Schuman that we have no intention of trying to usurp French prerogatives in Africa

"(*d*) express the hope that France will publicize its policies and intentions in Indochina and North Africa." (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

A subsequent draft of this paper, FM D B–17*a*, dated April 12, not printed, makes the same suggestions (CFM Files, *ibid.*). Regarding FM D B–20, see FM D B–20*c*, and footnote 1 thereto, p. 842.

[2] Documentation on United States policy concerning the status of the Saar, is scheduled for publication in volume IV.

controversial issues. Massigli replying indicated general agreement and said we could congratulate ourselves that French feelings towards US were both friendly and grateful and that 2 countries saw eye to eye on most issues. Referring briefly to North Africa he pointed to special problems there:

1. Large white population principally responsible for developing area which engendered special problems of races living side by side.
2. Different degree of political and social development of 3 areas.
3. Repercussions in other North African areas of reforms or other measures taken in one as result its degree of development.
4. Strategic importance of area.

This created special atmosphere where unauthorized or irresponsible statements American press or private citizens sometimes called forth ill-considered replies from local French officials. Important thing was that solution required caution on behalf French which was mistakenly considered as temporizing or backsliding.

As for Germany, Massigli pointed to great improvement US-French understanding over last 4 years and particularly since Schuman became Foreign Minister.

Alphand then reviewed elements great French economic comeback which would have been impossible without US aid: High production, disappearance black market, strength of franc resulting in distinct recession CP influence and partial realization ERP objectives. As for future, US could be assured of continued French cooperation in EPU, in trade field, and gradual working toward disappearance quantitative restrictions. Referred also to stillborn Finebel scheme which hoped to revive. While French could not agree to wide economic integration with Germans unless UK joined in, there was greater hope for progress along these lines in future.

Alphand then listed grave French concern for future:

1. Rearmament program threatened to wipe out economic and financial successes of recent years unless there could be developed a coordinated financial and defense program under NAT through the new machinery we were discussing. While France most grateful for MAP, successful rearmament program must be based upon the most weapons produced as rationally and cheaply as possible.
2. Indo-China continued to be great drain both financially and militarily, and France's efforts there conflicted with her obligations under ECA bilateral and North Atlantic and Brussels Pacts. Without outside help the future of Indo-China was black.
3. Post 1952. The dollar gap was most threatening and present statistical projections indicated that in spite best French efforts it might not be bridged. France was eagerly awaiting announcement conclusions Gordon Gray Committee.

Alphand acknowledged there were some difficulties re FCN Treaty but stated French willing take up subject when and where we wished presumably Paris.

On agenda item 4*b*[3] Jessup asked Massigli whether under this heading he wished give further views on Bidault and Schuman plans but Massigli indicated this matter still under consideration by French Cabinet and he could not discuss it this week. Perkins stated US views on European integration so well known we wished merely note few highlights: Germany must look west—Atlantic Powers cannot afford possibility her looking east; healthy and prosperous Europe essential to existence Western World; Council of Europe and OEEC should continue; US realized that while integration was desirable and necessary it could not be accomplished overnight and was not for tomorrow. Perkins added UK most relieved learn this latter realization on our part.

In reply to Alphand's question as to whether UK attitude toward integration had been favorably modified Perkins gave personal view that British were coming up other side of valley into which they had descended in last 2 years but had made no net advance on their point of departures.

Alphand then asked as "academic question" what US attitude would be toward formulation long range European plan for progressive reduction tariffs among participating countries without corresponding reductions tariff wall toward rest of world, saying that if US really wanted integrated Europe we must be willing accept some such scheme even though it conflicted in some respects with established US policies. Perkins and Stinebower replied that while question was too complex to give even academic answer, ITO charter provided for regional preferential tariff schemes provided they were directed toward eventual complete customs union, and while intermediary steps Alphand scheme looked as if they might arouse hostility in certain American quarters, if an objective consistent with ITO charter were clearly stated at outset, such frictions as might develop as result intermediate stages would be better accepted.

It was agreed that if possible problem of East West Trade should not be presented to Foreign Ministers this meeting.

No discussion item 4*c*,[4] listed on agenda, was undertaken this point since subject had been satisfactorily covered under other headings.

Sent Department repeated Paris 692.

[Jessup]

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[3] Political and economic integration of Europe.

[4] Long-term development of economic relationships with the United States.

396.1 LO/5–150 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 1, 1950—11 p. m.

Secto 73. Third French-US bilateral May 1 on Indochina.

1. Baeyens [1] opened with review of French policy toward Indochina along following lines: Present problem was implementation of agreements but France politically hampered by existing state of war and could not do all that it wanted to, to pass on responsibilities to Vietnam Government. Ultimate aim was to turn over all principal services and administrations. He listed following fields in which Vietnam Government has been given authority: (1) administration of justice, police and security; (2) National Vietnam Army had been constituted and is under the control of Vietnam Government. Conventions between the French and Vietnam resemble military alliance in that neither one had give up sovereignty; (3) under March 8 agreements [2] right to appoint and receive diplomatic and consular representatives recognized and requests made by Vietnam to send missions abroad have been granted. Vietnam Government entitled to negotiate and sign agreements bearing on its particular interests; (4) France recommended membership in specialized agencies such as EC[A]FE and WHO, thus indicating French intention to give full sovereignty to Vietnam. Vietnam would be consulted in formulation of French Union policy but that would have to await convening of High Council of French Union for which provision made in constitution of French Union. French still retain administration of communications, immigration, customs, foreign trade and treasury pending convocation interstate conference at early date. Intention is to give March agreements "most liberal implementation possible." However Vietnam Government is new, there is lack of experienced men and therefore extensive help necessary. France would like to turn over wider functions, even pacification of the country which would permit the withdrawal of French troops. However, obligation of France is to continue with pacification and protection of borders of the French Union which is constitutional duty of France.

2. Baeyens summary included following on military aspect of situation. Regular troops in Indochina 150,000 of whom 50,000 French,

[1] Jacques Baeyens, Director for Asia of the French Foreign Office.

[2] For the text of the agreement, embodied in an exchange of letters between Vincent Auriol, President of the French Republic, and His Majesty Bao Dai, Emperor of Viet-Nam, of March 8, 1949, regulating relations between France and Viet-Nam, see *Documents on International Affairs, 1949–1950*, Margaret Carlyle, ed. (London, Oxford University Press, 1953), pp. 596–606.

the rest foreign legion, North African and Vietnamese; 9,000 French Navy and 6,000 French Air Force. Armies of Associated States: Vietnam 26–27,000 troops, Cambodian 9,000, Laotian 1,500, grand total about 20,000. Vietminh Army made up as follows: Ho Chi Minh's forces 90,000 plus 30,000 guerrillas, Cambodian regulars 3,000, guerrillas 2,000, Laotian 2,000 regulars. Since signature of military convention December 1949 French military mission is attempting to help with organization and development of Vietnam Army. Four additional battalions contemplated within next year. (Figures for increases to be checked.) Great need is for additional Vietnam NCOs and COs.

3. Baeyens indicated development of Vietnam Army had required great financial effort of French. (He gave figures which will be obtained from French as it was not possible to record them accurately at speed given.) French will have to continue support on large scale and for that reason alone outside assistance will be needed.

4. In reply to question Alphand stated delegation had no document on economic aspects of problem but that one could be obtained within few days. He referred to 15 million dollar program presented to US but not yet accepted. French also stated not possible give schedule or numbers of French troops to be released as result of development Vietnam Army, as contributing factors would be developments of next months including help from outside for Ho Chi Minh.

5. Jessup indicated as fundamental points in US position (1) that Indochina regarded primarily as French responsibility and (2) importance of development of local support for military and political programs.

6. In light of US *aide-mémoire* received a few days ago [3] Massigli stated he would like to ask three questions: (1) size of military aid, (2) size of economic aid and how it would be given, and (3) to what extent development of a political program would be linked with the delivery of aid which US prepared give. Merchant [4] indicated US delegation not in position to give definite figures at this time but gave following indications US thinking: US looked at Indochina problem as French do in that aim was to make it possible for the Associated States and their leaders to attract the nationalists and those who at heart are not Communists although they have been following Ho Chi Minh. Aid should be given so that it would support

[3] For the text of the United States *aide-mémoire*, delivered to the French Embassy in Washington on April 28, see vol. VI, p. 789.

[4] Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs.

and re-enforce following of Bao Dai government. At present time no funds are available for economic aid in Indochina or SEA and what can be done in future will depend on availability funds. As to military aid some section 303 MDAP funds will be available. Requests for equipment are being reviewed by military authorities and there may be some indication within a matter of days or weeks of what may be available.

7. Baeyens and Massigli indicated concern over long delay since submission French list and Baeyens pointed out great psychological effect "even if you bring only few shiploads." Agreement on formula of "haut conseil militaire" to draft program and mixed commission made up of representatives of all four states to receive and distribute aid was noted.

8. Question of issuance of statement discussed next, Massigli stated time would be saved if Schuman could know as soon as possible points to be covered. Jessup mentioned US doubts about issuance of statement by "three colonial powers." Massigli countered energetically that any statement should emphasize solidarity of US with France and UK and should not deal with problem piecemeal. He urged necessity of giving impression that the three countries had a joint problem, responsibility and interest for as long as there is division Russians will continue to press and try to create difficulties in French-US relations. He indicated statement applying to all SEA and not Indochina alone would be preferable. He mentioned need for integration of aid to Indochina with all SEA, just as cultivation of rice in Indochina was matter of importance to whole area. Jessup agreed on "rice bowl approach" but expressed doubts as to wisdom and utility of statement by three governments. Massigli with great emphasis then urged joint statement as indicative solidarity of three governments which he alleged would have a "big effect locally." West was faced with reality and must appreciate significance of loss of that area: position of India would be difficult, all Asia might well fall to Communism and there would be tremendous repercussions in Africa. Subject of statement will be further considered in tripartite discussion.

9. French proposal of joint staff talks and US note indicating they were considered unnecessary and that they would serve no useful purpose [5] was briefly referred to by Massigli. Merchant in reply mentioned possibility of US sending small military mission to Saigon which would be representatives of JCS.

10. Last point discussed was question of recognition of Chinese Communist regime, Massigli indicated France caught in dilemma: she

[5] Made in the *aide-mémoire* referred to in footnote 3 above.

desired maintain diplomatic relations with all states. Furthermore, present UN situation was dangerous and it would be advantageous to resolve it; on other hand recognition of Communist China would be almost impossible to explain to public opinion in France and Indochina. It was stated Pignon [6] was strongly opposed and Jessup indicated US thought Pignon probably right. In connection with French relations with China Baeyens made following observations. If Communist regime not recognized France would have to face complete eviction from China. Canton Consul had recommended closing office and evacuation of southern provinces on ground that all French there could be held as hostages in event "incident" on Tonkin border. It had been decided to close Consulate in Nanking. If difficulty is placed in way of removal of archives it would be necessary to leave one or two persons as custodians. In any event French have decided to reduce all their staffs in China.

11. Jessup mentioned point 1–*a* in paper C–3/1 [7] and Massigli stated they had no hint any country intended to bring case of Indochina before UN. La Tournelle indicated that if Russians returned to UN they might raise question for as long as year ago Manuilsky [8] had stated that it was "only in order not to embarrass France" that USSR had not raised question in UN.

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[6] Léon Pignon, French High Commissioner for Indochina.

[7] Point 1*a* of paper FM D C–3/1, "Indochina and the United Nations," dated April 27, not printed, read as follows:

"Recommendations. 1. . . . *a*) We should inform the French that we do not intend to raise the matter ourselves in the United Nations and that we believe it would be undesirable for any Western power to raise it at this time." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

A second draft of this paper, FM D C–3/1*a*, dated May 4, not printed, has the same recommendation. (CFM Files, *ibid.*)

[8] Dmitri Manuilsky, Minister of Foreign Affairs of the Ukrainian SSR and Permanent Ukrainian Representative at the United Nations Security Council in 1948.

BILATERAL AND TRILATERAL SUBCOMMITTEE MEETINGS

Editorial Note

At the end of the first week of discussions the work of the preliminary talks was further broken down into subcommittees. Four tripartite and three bipartite (US–UK) subcommittees were established to consider the following subjects: Subcommittee A—closer tripartite association (United States Delegation chaired by Labouisse), Subcommittee B—German problems (United States Delega-

tion chaired by Perry Laukhuff, Director of the Office of German Political Affairs), Subcommittee C—Southeast Asia (United States Delegation chaired by Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs), Subcommittee D—colonial questions (United States Delegation chaired by Raymond A. Hare, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs), Subcommittee P—closer US–UK association, (United States Delegation chaired by Labouisse), Subcommittee Q—Near East (United States Delegation chaired by Hare), Subcommittee R—Southeast Asia (bipartite, United States Delegation chaired by Merchant).

At the same time the bilateral and trilateral meetings of the previous week continued as did informal meetings on topics that were not germane to the business of any of the subcommittees. Following its first meeting, Subcommittee B was further subdivided into two committees or working groups, designated by the letters *a* and *b*, to consider respectively economic and political problems. Finally toward the end of the second week of preliminary discussions the three delegations began to meet in plenary to approve the various reports and papers agreed by the subcommittees or at other meetings for submission to the Foreign Ministers for discussion or approval.

The documentation that follows, because of the complexity and volume of the documentation on the proceedings of the second week, presents only the main lines of policy and has been arranged topically to correspond generally with the work of the several subcommittees.

Trilateral Talks on Closer Association: The Work of Subcommittee A

396.1 LO/5–250 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 2, 1950—7 p. m.

Secto 84. From Jessup.

1. Tripartite committee on closer association [1] agreed, with French reservation on last point, paper on strengthening NATO, text of which contained in immediately following telegram.[2] Sub-committee had before it British and French proposals telegraphed Department as

[1] The first meeting of Subcommittee A was held in the Foreign Office at 11 : 00 a. m.

[2] Secto 85, *infra*.

Secto 76, May 2,[3] and Secto 57, April 30.[4] Sub-committee used UK draft as basis for discussion. Changes at end of first sentence suggested by US in order to give further emphasis to need for strengthening NATO. Second sentence altered to make clear that governments, not representatives, appointed deputies.

2. New Paragraph to substitute for sentence on SYG in original UK draft was agreed by sub-committee in accordance our view that although desirable to make provision for strong "executive" it was not advisable to decide finally at this time whether key figure would be SYG, permanent chairman, or some alternative. Perkins [5] referred to OEEC experience and fact that functions tended to evolve around personality chosen. He indicated that attitude of countries toward vesting real power in an individual depended in large measure on who individual was and that therefore preferable to leave precise definition open for time being. This was agreed but clear from discussion that UK and French both feel Council of 12 will be unwieldly and requires impetus from some focal point. British appear still to favor Executive Committee concept; French, strong SYG.

3. Changes made sub-paragraphs (*a*), (*b*) and (*c*) believed self-explanatory. In course of discussion subparagraph (*a*) French urged inclusion specific tasks as contained their paragraph 3(*a*), (i), (ii), (iii). Perkins supported by Jebb [6] expressed view that French formulation would appear to Defense Committee, DFEC and MPSB to be direct encroachments and that substance of French proposals was included within general statement in sub-paragraph (*a*) as revised. French finally agreed to present formulation on understanding sub-committee would consider at next meeting possible directive which

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[3] Regarding the text of the British proposal, transmitted in Secto 76, not printed (396.1–LO/5–250), see Secto 85 and footnotes thereto, *infra*.

[4] Not printed; the text of the French proposal read as follows:

"1. The Atlantic Council will meet as often as it is necessary to work out and put into operation the program of action of the signatory governments. With this in view each government will designate a deputy of its Minister of Foreign Affairs, who will be an official of high rank who would take part at Council meetings whenever these are called.

"2. The Council thus strengthened will establish a permanent executive organ which will act under their control and according to their instructions.

"3. The first task of the Council and of the permanent executive will be as follows:

"(*a*) To co-ordinate military and financial policies with regard to defense with a view to arranging, with the shortest possible delay and under the best conditions:

"(i) The establishment of a program of modern armaments;

"(ii) The division of production between the industries of the participating countries; and

"(iii) The division of costs:

"(*b*) To co-ordinate political action with regard to common defense problems:

"(*c*) To co-ordinate the information of public opinion in matters concerning the application of the pact." (396.1 LO/4–3050)

[5] George W. Perkins, Assistant Secretary of State for European Affairs.

[6] Sir Hubert Miles Gladwyn Jebb, British Deputy Under-Secretary of State (Political) for Foreign Affairs.

Council might issue to committees as part of action under item 2 of NATO agenda.

4. In course of discussion on sub-paragraph (*d*) French reverted to earlier idea of leaving Article 2 unimplemented and associating US and Canada with OEEC for consideration economic problems of mutual concern. UK reiterated their view that something should be done under Article 2 and that permanent body should study what action should be taken. It was agreed that at next meeting Thursday sub-committee would consider further the question of what should be recommended at this stage with respect to consideration of economic problems by US, Canada and Western European countries. Pending further consideration French will maintain reserve on sub-paragraph (*d*).

5. In addition to further consideration this question, sub-committee will, on Thursday, consider French draft of proposed directive from Council which will presumably be an elaboration of French paragraph iii, *a*, 3; draft declaration for use by Foreign Ministers or NATO; and French proposal on emigration.

Sent Department, repeated Paris 710.

[JESSUP]

CFM Files : Lot M–88 : Box 151 : Secto Cables

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 2, 1950—7 p. m.

Secto 85. From Jessup. Following is text agreed with French reservation sub-paragraph (*d*) at tripartite sub-committee meeting May 2. Comment in immediately preceding telegram.[1]

"It is clear that the arrangements for its own organization approved by the Council at its meeting on September 17, 1949,[2] are inadequate, and in particular that in view of the political, military and economic problems with which the signatory governments are now confronted, there is need for the Council to be so organized as to be able to meet regularly,[3] and to give consideration to the wide range of problems arising in connection with the treaty and to ensure the necessary coordination and action. To this end, each government will appoint a deputy to its representative on the Council to act on the latter's behalf with full authority at Council meetings when the representative himself is not present. The Council at deputy level will normally meet at (blank).

[1] Secto 84, *supra*.

[2] For documentation on the first meeting of the NATO Council on September 17, 1949, see *Foreign Relations*, 1949, vol. IV, pp. 329 ff.

[3] In the British draft transmitted in Secto 76, not printed, the first sentence ended with the words ". . . to meet more frequently," while the second sentence read "To this end, each member of the Council will appoint a deputy to represent him with full authority at Council meetings when he himself cannot be present." Sentence three is the same in both drafts.

The Council thus strengthened will establish forthwith the necessary executive organization which, operating under the control and direction of the Council, will be responsible for stimulating and coordinating the activities of the entire NATO, and will include general secretariat. The Council may set up such subsidiary bodies as it finds necessary.[4]

The main tasks of the Council and its executive organiaztion shall be:

(*a*) To study the economic, financial and political implications of plans prepared for the defense of the North Atlantic Treaty area; to coordinate the work of the Defense Committee, the Defense Financial and Economic Committee and all other bodies established under the NATO; and generally to recommend to governments the steps necessary to ensure that effect is given to such defense plans;

(*b*) To exchange views on political matters of common interest within the scope of the treaty;

(*c*) To promote and coordinate public information in furtherance of the objectives of the treaty, while leaving responsibility for national programs to each country;

(*d*) To consider what action should be taken under Article 2 of the treaty." [5]

Sent Department repeated Paris 711.

[JESSUP]

[4] Paragraph two in the British draft read:

"The Council thus reorganized shall be served by a Secretary-General, who, though having access to governments, will be subject to the instructions of the Council and have no independent powers of his own. The Council may set up such subsidiary bodies as it finds necessary."

[5] The third paragraph of the British draft read:

"The first tasks of the Council shall be:

"(*a*) To study the economic, financial and political implication of plans prepared for the defense of the North Atlantic Treaty area; to coordinate the work of the defense committee, the defense financial and economic committee and their subsidiary bodies; and generally to recommend to the Council the steps necessary to ensure that effect is given to such defense plans;

"(*b*) To coordinate the foreign policy of the signatories in matters of common interest within the scope of the treaty;

"(*c*) To study how best to promote publicity in furtherance of the objectives of the treaty;

"(*d*) To consider how effect can best be given to article two of the treaty.

In the records of the conference the agreed draft was designated TRI/P/10. Regarding the further discussion of TRI/P/10, see Secto 144, *infra*.

London Embassy Files: Lot 59 F 59: 320 FMC

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—midnight.

Secto 144. 1. Tripartite meeting May 4 of Subcommittee A [1] considered (1) document TRI/P/10 draft text NAT machinery (Secto

[1] The second meeting of Subcommittee A was held in the India Office at 11:00 a. m.

85 May 2 [2]) and (2) revision of draft directive from Atlantic Council (Secto 107 May 3 [3]). Draft directive will be subject of separate msg.[4]

2. NAT Machinery. At suggestion of Perkins first 45 words of text quoted in Secto 85 beginning "It is clear" and continuing through "govts are now confronted" deleted and following text substituted: "At its meeting on September 17, 1949, the North Atlantic Council determined that arrangements for its own organization should not go beyond those essential for essential purposes. It was always contemplated that the arrangements approved at that time would have to be expanded as the work of the Council progressed. It is now clear that additional arrangements are required in order to permit the Council to be able to deal with the problems confronting it." Begin new sentence and insert "therefore" as third word and after regularly "in order to" so that it reads "There is therefore a need for the Council to be so organized as to be able to meet regularly in order to give consideration to a wide range of problems."

3. Discussion based primarily on consideration Brit redraft of TRI/P/10 (Secto 85) proposing (*a*) omission of word "executive" in describing organization to be established and (*b*) deletion of subpara (*a*) and substitution of two subparas (*a*) and (*b*) of which texts tentatively agreed upon given below.

4. Jebb explained Brit desire omit word "executive" because of special meaning in English. He made the point over and over again that in English sense use of word "executive" would be interpreted as giving organization functions or power it was not intended to have, for in last analysis only govts could execute the decisions of the Council.

5. Alphand [5] was equally emphatic that without the word "executive" draft in French was greatly weakened. He expressed fear that Brit desire to delete "executive" indicated that there was not real agreement as to concept organizations as Fr understood it was to have powers of its own operating under the control and direction of the Council. Jebb reassured him that Brit were in agreement on character of organization. Perkins agreed some word needed before organization. It was therefore agreed to indicate absence of agreement by putting word executive in brackets in the sentence which begins "The Council thus strengthened will establish the necessary [executive] [6] organization which operating under the control and direction of the Council."

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[2] *Supra.*

[3] Not printed; the French draft was given the conference designation TRI/P/11.

[4] Secto 143, *infra.*

[5] Hervé Alphand, Director General for Economic Affairs of the French Foreign Ministry.

[6] Brackets appear in the source text.

6. The paragraph beginning "The main tasks of the Council and its executive organization shall be" and subpara (*a*) were changed to read as follows: "The Council will among other things (*a*) study the interrelationship of the various plans prepared for the defense of the North Atlantic area [taking into account their economic, financial and political aspects] [7] and ensure the coordination of the work of the Defense Committee, the Defense, Finance and Economic Committee and all other bodies established under the North Atlantic treaty organization. (*b*) recommend to govts the steps necessary to ensure that effect is given to the coordinated plans prepared for defense of the North Atlantic area." These two subparas (*a*) and (*b*) were worked out in the meeting on the basis of the Brit proposal submitted and replace subpara (*a*) of the draft contained in Secto 85. Subparas (*b*) (*c*) and (*d*) remain unchanged except for the deletion of the first word "to" in each case because of the altered grammatical structure but are re-lettered and become subparas (*c*) (*d*) and (*e*) of the draft accepted provisionally.

7. In the discussion of subpara (*a*) of the Brit proposal Jebb stressed that the work of the Council was to sudy implications of plans and coordinate them not to review individual plans (a concept which it might be difficult to persuade a defense or finance minister to accept). Both Alphand and Jebb pointed out that ministers of respective countries had not been consulted and therefore that even the language agreed upon tentatively in subcommittee might not be acceptable at ministerial level.

8. The phrase in subpara (*a*) "taking into account their economic, financial and political aspects" was included at the instance of Alphand. As Brit and US felt such limitation was unnecessary it was included in brackets for reference to the ministers.

9. We reserved our position in general at end of discussion.

10. Text with amendments indicated above will be submitted to tripartite Plenary May 5.[8]

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[7] Brackets appear in the source text.

[8] Regarding the tripartite plenaries on May 5 and 6, see editorial note, p. 902.

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—midnight.

Secto 143. 1. Second part of May 4 tripartite meeting sub-committee A considered directive on defense program from Atlantic Council

based on draft resolution (Secto 107 [1]) submitted by British (reference TRI/P/16).[2] Revised text as tentatively agreed to reads as follows:

"Draft Resolution by the Atlantic Council.

The Council agrees that in carrying out its tasks as defined in subparagraphs (*a*), (*b*) of Council resolution No. blank, it will in particular be guided by the following general considerations:

(1) One of the essential objectives of the nations signatory of the North Atlantic Treaty is to place their countries in a position to be able successfully to resist any aggression. This objective can only be attained by the use and standardization of the most modern material and equipment (resulting from the latest technical achievements). The nature and composition of forces should be adapted to this type of material and equipment.

(2) It is therefore necessary to determine in the shortest possible time the nature and quantity of the material and equipment necessary to achieve this objective.

(3) The production of this material and equipment should be distributed, so far as military, economic and financial considerations permit, between the industries of the participating countries in such a way as to obtain the best results in the shortest possible time and at the lowest cost. The production programmes and orders of member countries should be coordinated and rationalized from this aspect. The production programmes thus established should be kept under continuous review, in order to ensure that the individual efforts of the different countries in the matter of priorities and phasing of production make the maximum contribution to the common needs. At the same time the Council agrees that urgent consideration should also be given to the following problems:

(*a*) How best to achieve balance collective forces, rather than balance national forces for all the North Atlantic Treaty Powers?

(*b*) How can the financial cost of carrying out the necessary programme for the production of material and equipment be most equitably distributed between the various participating countries (taking into account the necessity of maintaining their economic, financial and social stability?)[3]

2. Jebb explained Council would not issue directive to Council and therefore British draft in form of resolution to be passed by Council.

3. In course of discussion it was agreed that resolution must not be published.

4. In discussion French were emphatic that nature and composition forces should be adapted to type of material and equipment resulting

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[1] Not printed.

[2] Not printed; TRI/P/16, dated May 3, is substantively the same as the revised text transmitted here (Conference Files: Lot 59 D 95: CF 18).

[3] This revised draft, with the parentheses replaced by brackets, was designated TRI/P/20 in the records of the conference and dated May 4.

from latest technical achievements. They argued that the military if left to themselves would plan on basis of last war using manpower rather than modern material as determining factor in program. To meet their points in this connection the clause "and the nature and composition of the forces should be adapted to this type of material and equipment" was added at end of (1). French had also insisted that "modern material and equipment" should be modified by phrase "resulting from the latest technical achievement" although this was left in only in brackets to indicate absence of agreement.

5. It was agreed that the points covered in numbered paragraphs 1, 2 and 3 of resolution were principles which should guide Council in its decision whereas problems of (*a*) balanced forces and (*b*) financial costs were matters which required further study.

6. In connection with (*b*) on distribution of cost French requested addition of final phrase "taking into account the necessity of maintaining their economic, financial and social stability," and phrase was included in brackets. Perkins indicated he wished to give point further consideration.

7. Perkins also took care to reserve US position on entire draft resolution. He pointed out directives arising from Defense Committee and Finance Committee recommendations might make it desirable to modify terms of directive from Council.

8. Is IWG preparing detailed agenda with recommended actions or will they have to be prepared here?

396.1 LO/5–550 : Telegram

The Head of the United States Delegation at the Tripartite Preparatory Meetings (Jessup) to the Secretary of State

TOP SECRET NIACT LONDON, May 5, 1950—9 a. m.

Secto 147. Personal for Secretary from Jessup. Development of discussions to date indicate British and French at preparatory talks level are not prepared to meet fundamental questions we have posed namely: (*a*) If US and perhaps Canada will play greater role in European and North Atlantic affairs what obstacles would that remove in way of further integration of Germany in Western Europe and of further participation of UK on European continental consolidation? (*b*) What are the present obstacles? (*c*) What kind of US role would they think necessary to overcome them?

These questions posed against background of: (1) Agreed appraisal of seriousness of cold-war situation requiring Western cooperation; (2) General agreement Germany must be oriented to the West and (3) Understanding by US we are not asking their merger

in a European federal state and are not ourselves talking of merging in a North Atlantic federation. We have read them A–8/1*a* (post 1952 paper).[1]

Under these circumstances Perkins, Byroade[2] and I suggest you consider following procedure. At first trilateral talks you request restricted meeting of Bevin, Schuman and you with only one associate each. Would recommend just you three except Schuman may need interpreter. You would state you desired this intimate talk to permit frankest discussion lines of desirable policy. You could not commit US but [could be?] prepared to explore policies which you would be willing to recommend to President and Congress. You would express willingness recommend continuing role for US with reference to European and North Atlantic community after 1952. You could not frame or carry through such recommendation unless you could say UK and French Governments were spontaneously seeking approval policies directed toward further integration of a Europe in which both UK and Germany would play a part. You would ask them to tell you frankly their answers to questions posed first paragraph this telegram. If frank exchange resulted this approach foundation would be laid for continuing discussion specific agenda items with advisers present in usual way.

Believe something of this kind necessary to make real progress on fundamental issues. Same results could not be achieved in bilateral talks since important have Bevin and Schuman discuss these issues in each other's and your presence but will continue to press these issues until your arrival and may be able to give you a better picture of basic positions at that time.

[JESSUP]

[1] Dated April 20, p. 848.
[2] Henry A. Byroade, Director of the Bureau of German Affairs.

396.1 LO/5–650 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 6, 1950—1 a. m.

Secto 166. Sub-committee A meeting reported Secto 143 and 144[1] continued evening May 4. Consideration given to following French proposal designed to deal with question future economic relations between Europe and Western Hemisphere:

"The representatives of the US and Canada are prepared enter into relations with the competent organizations of the OEEC, with a view

[1] Both of May 4, pp. 908 and 906, respectively.

to examining the best methods of ensuring regular economic cooperation between the various countries concerned."

Alphand in putting forward proposal emphasized need to provide for link between US and Europe in post 1952 and strong opposition to use article 2 of pact for this purpose. He recognized need to associate both Germany and European neutrals with measures for economic cooperation but felt German participation any aspects of pact out of question. In explanation proposal indicated view that desirable for OEEC remain European organization primarily, but that some link between it and US and Canada should be established.

Makins [2] reiterated UK view that any relationship of US and Canada to OEEC would be an "external" relationship, which Alphand admitted. In response to question from Makins Alphand indicated his view that establishing relationship between OEEC and US and Canada would be possible before 1952 but would become necessary after 1952. He felt an indication now of intent to associate US and Canada with organization would be great psychological encouragement to Europe.

Perkins suggested US and Canada relationship would require new terms of reference for OEEC and be tantamount to establishing new organization. Makins for UK indicated view that until 1952 and probably thereafter OEEC and Council of Europe should also be developed, that problem of associating countries which were not signatory to pact was probably not capable of solution at moment but as non-military sides of pact were developed some method of association might be worked out. He reiterated UK view that US and Canada participation OEEC would always be on different basis from European countries and that difference in relationship had numerous drawbacks. He felt it desirable to consider at this stage, how to implement article 2, that in so doing functions of OEEC and Council of Europe should be taken into consideration. In looking to future he felt it was desirable avoid action along divergent lines and expressed UK view that North Atlantic Pact offered best framework for cooperative action in long run.

Perkins suggested that what was required at moment was an agreement to consider what should be done and not necessarily a choice between the two alternatives of extension of article 2 or US participation in European organizations. Alphand indicated an unwillingness to discuss any kind of relationship between Germany and pact. Jebb recapitulated much of what Makins said and reemphasized desire to avoid development of two "zones", i. e., Europe and North Atlantic. Further discussion on French proposal postponed.

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[2] Sir Roger Makins, British Deputy Under Secretary of State for Foreign Affairs.

French proposal on migration then considered briefly without conclusion. Both Jebb and Perkins referred to work already under way within ILO and OEEC and expressed uncertainty as to what conference proposed by French would achieve. French reiterated their view that work now being carried on ILO and OEEC required "political direction". Perkins emphasized our view of seriousness of problem and expressed interest in any concrete proposals for solution. Committee adjourned without further action on French proposal.

Sent Department Secto 166, repeated Paris 766.

Trilateral Talks on Germany: The Work of Subcommittee B

396.1 LO/5–250 : Telegram

The Secretary of State to the United States Delegation at the Tripartite Preparatory Meetings, at London

SECRET WASHINGTON, May 2, 1950—5 p. m.

Tosec 57. For Byroade from Lewis and Achilles.[1] Fol is "feel" of two hour mtg with Sec this morning on Germany. Discussion centered on E–1.[2]

Sec summarized pgs 17 to 25 by saying we apparently contemplated relinquishing controls except general right of intervention, control of relations with East, military potential, and right to maintain occupation forces, in exchange for German undertakings largely of technical and legal nature except for trade and decartelization. He did not see how such action depended on creation of new organization and queried whether new organization cld exert controls comparable to those relinquished. It was brought out that essence of problem was to secure wholehearted German cooperation with West which was primarily a psychological problem. It wld be desirable to have place where Gers cld argue their case publicly. Secretary suggested he might take line with Bevin and Schuman that German situation was unstable, that we must move in one direction or other, and that we must reduce controls. He wld ask what Britain and France wanted, including what protection. Cooper [3] believed relaxation inevitable and shld be in a larger context where Gers cld participate in working out problems. Sec believed this wld be useful if it resulted in action. It was consensus that time running out on controls, occupation statute must be reviewed this fall, McCloy felt 18 months outside limit and ECA wld end 1952.

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[1] Geoffrey W. Lewis, Acting Assistant Chief of the Division of German Economic Affairs, and Theodore C. Achilles, Director of the Office of Western European Affairs.

[2] FM D E–1, "Position Paper on Germany," dated May 1, not printed (CFM Files : Lot M–88 : Box 149 : May CFM 1950 E, F, G, H Series).

[3] Presumably a reference to John Sherman Cooper who would act as a special assistant to Secretary Acheson at the Foreign Ministers meeting.

At Sec's request Nitze summed up situation as fol: Situation unstable, we must move one way or other. It wld be disastrous if Ger not affiliated with West and more inclined bargain East against West. It is necessary gradually to relax controls and develop Ger responsibility. This is two way street and Gers must give Fr and others ground for confidence. In econ field they are in OEEC and will be in GATT. In polit field it is question of spirit and will on both sides. In security field if Ger is to be integrated emphasis shld be shifted from occupation to security, including greater Ger contribution to logistic support for both occupation forces and North Atlantic area. It is also important to have economically stronger Eur in which Ger economy cld develop. In reply Sec's query what commitments from Ger we want it was stated we wanted action by Ger showing its voluntary affiliation with West, including Council for Europe, and logistic support. Sec commented we apparently must do much for Ger and are seeking rather negligible results in return. Cooper commented controls going to be relaxed and econ measures were necessary anyway. Fact Gers cld not be enmeshed without their own volition supported idea of new org in which common problems cld be discussed, including theirs, and in which they wld have increasing responsibility. It was observed solutions to all these problems wld require time to work out but that it was important to associate Gers with process as quickly as possible. Clearly Mins must agree on at least broad directives.

In conclusion Sec requested outline which S/P is preparing along fol lines: (1) Analysis of situation indicates we cannot sit still and various factors, such as need for review of occupation statute, limit available time. We must begin to move now. (2) What does West want from Ger? This wld include not merely Ger affiliation but specific matters such as commitment to help support Western armament effort and not to conspire with or increase mil potential of East by trade. (3) What must West do in relaxation of controls and what further shld it do to give Gers real interest in affiliation? He felt E–1 and shorter A–2/3 "Policy on Ger"[4] (which was not specifically dis-

[4] Not printed. FM D A–2/3, dated May 2, and two subsequent drafts, FM D A–2/3*a* and *b*, dated May 4, neither printed, state the following as the United States objectives in Germany:

"1. Progressive removal of all controls except those of a 'peace treaty type.'

"2. Development of economic conditions in the free world to support German economic needs.

"3. Identification of a unified, independent and democratic Germany with the common objectives of the Western countries.

"4. Identification of German security, welfare and independence with the security, welfare and independence of the West." (CFM Files: Lot M–88: Box 149: May FM Meeting A Series)

An outline of FM D A–2/3*a*, approved by Secretary Acheson, was transmitted to the United States Delegation on May 3 in Tosec 80, not printed (396.1 LO/5–350).

cussed) too voluminous and confused and wld prefer outline from which he cld talk. Nevertheless he believed we are getting warmer. [Lewis and Achilles.]

ACHESON

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—1 p. m.

Secto 93. From Jessup. Re Secto 71, May 1, repeated Paris 700, Frankfort 190.[1]

1. Working Group *b* of Subcommittee B (German problems) met morning May 2nd [2] to discuss (*a*) Berlin and (*b*) proposed protest to Soviet Government on militarized East Zone police. US represented by Bohlen, Laukhuff, Trimble, Gerhardt, Forest; French by De La Tournelle, Seydoux, Sauvagnargues, Lebel; UK by Mallet, Steel, Allen, Ashe.[3]

2. Laukhuff opened by stating US feeling that in addition to problem of economic aid to Berlin to be discussed in Working Group (*a*), there was problem of strengthening Berlin politically.[4] Desirable to re-examine question of making Berlin Twelfth *Land*. US had always felt this proposal had certain merits. It would raise morale of Berliners, give them some permanent assurance of tie-in with West, possibly induce Federal Republic to take greater interest in Berlin. There were admitted disadvantages such as possible retaliatory reaction from Soviets. However, decision last autumn not to change Berlin's status was based on desire to see whether GDR incorporated Berlin formally. Laukhuff thought that although *de jure* action had been avoided by East German regime, it had in fact treated East

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[1] Not printed; it reported on the first meeting of Subcommittee B at which it had been agreed to divide the work of the subcommittee into two working groups to consider German economic and political questions. (396.1 LO/5–150)

[2] The first meeting of Working Group *b* (German economic problems) was held in the India Office at 10 : 30 a. m.

[3] Charles E. Bohlen, Minister at Paris; Perry Laukhuff, Director of the Office of German Political Affairs; William C. Trimble, First Secretary of Embassy at London; Lt. Col. Harrison Gerhardt, Special Assistant to the United States High Commissioner for Germany; Alexander R. Forest of the Office of the United States High Commissioner for Germany; Guy le Roy de la Tournelle, Director General of Political and Economic Affairs; François Seydoux de Clausonne, Director for European Affairs; Jean Sauvagnargues, Secretary for Foreign Affairs; Claude Lebel, Counselor of the French Embassy in the United Kingdom; William I. Mallet, Assistant Under Secretary of State for Foreign Affairs; Christopher E. Steel, British Minister at Washington; William D. Allen, Head of the German Political Department; and Derick R. Ashe, Private Secretary to the Permanent Under Secretary of State for the German Section.

[4] Further documentation on the status of Berlin is scheduled for publication in volume IV.

Berlin as part of East Zone republic. He nevertheless recognized that in view of recent proposal for all Berlin elections, present moment was not right for changing Berlin's status.

3. De La Tournelle stated French views had not changed. We were in Berlin by quadripartite agreement. Although quadripartite government was temporarily suspended, we should take no action which would prejudice return to quadripartite status of city. Recognition of Berlin as Twelfth *Land* would finalize division and might provoke Soviets to reprisals. He felt we had given ample evidence of intention to remain Berlin and no one could doubt it. Until new fact entered situation or Soviets formally incorporated Berlin in GDR, French felt status should remain as at present, and this was matter of principle with them.

4. Mallet thought British view closer to American than to French. He reviewed advantages and disadvantages. In addition to US arguments, he thought Twelfth *Land* status would show Russians we not prepared abandon Berlin and would clarify present anomalous relationship in many respects. On other hand, there is less demand for new status from Berliners and no demand at present from federal government, while danger of increased difficulties from Soviet side existed. He agreed there should be no change at present. Steel referred to October 27 agreement [5] as still representing "highest common denominator."

5. Laukhuff pointed out federal government was committed by Article 23 of Constitution and by Bundestag resolution. Whatever the theory, quadripartite government was gone and no action would change that fact. We had set up Federal Republic in spite of theoretical existence of ACC. If Soviets have stopped short of formal action it is because they can achieve aims without. He admitted ebb and flow of factor influencing this political decision and suggested HICOM be authorized to re-examine question at any time new facts arose, perhaps after Soviets reaction to all-Berlin election proposal.

6. De La Tournelle pointed out HICOM needed no authorization for such step. He again stressed French unwillingness to make any move unless Soviets formally changed situation.

7. Mallet suggested HICOM might suitably review position just prior to October 15 Soviet Zone elections; [6] uniform elections in Soviet Zone and Soviet sector would be substantial indication of treatment of Berlin as part of GDR. After further discussion, *it was agreed* that "the examination made of this problem has shown that there is no need to consider modification of present position re status of Berlin.

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[5] The agreement under reference here cannot be identified further.

[6] Documentation on the October 13 elections in the Soviet Zone of Germany is scheduled for publication in volume IV.

If any of the High Commissioners feels that new facts or situations warranted new study of question, they should raise it again."

8. Short general discussion of Berlin ensued including desirability of some general affirmation by four Ministers of Western solidarity on Berlin. *It was agreed* that it is of vital importance to maintain position in Berlin, to demonstrate this intention to Berliners and Western Germans, and to do all possible to continue to strengthen and improve situation there. Delegations generally approved commandants recent plea for increased cultural assistance to Berlin. *It was agreed* that affirmative statement of support for Berlin should be drafted for inclusion in communiqué at end of conference.

9. On protest re militarized police in Soviet Zone,[7] Laukhuff said US had waited until evidence was thought to be clear. Recent trial in Berlin[8] had added further clear evidence. There is now no doubt of Soviet violation of at least five quadri- or tripartite agreements and this violation should be pinned on Soviets. US does not expect remilitarization will thereupon cease, but record should be clear. Such protest would not alarm Germans as rumors had already exaggerated size of Soviet Zone force. Propaganda value of protest was believed considerable. Bohlen stressed this point not only for Germans, but in general cold war context. He thought it important to tag these Soviet activities in light of Soviet pretensions to be advocates of peace.

10. De La Tournelle indicated French delegation agreed with US. French had held back, not from opposition, but because they thought protest at end of conference would have added weight in terms of general attitude toward Soviets emerging from conference.

11. Mallet stated UK still opposed to idea of protest. In support this position, he outlined series of weak objections: Germans would be alarmed, protest would be ineffective, protest should be held as card up sleeve to play if situation worsened, it might interfere with our consideration of Adenauer's request for federal police,[9] it might lead to incidents on border, it might strengthen German case for security guarantee, etc.

12. Bohlen indicated our feeling that these arguments could easily be met and stressed usefulness of protest, which would tend to make Soviets more cautious for present. Since agreement could not be had, he thought proposal must go to Ministers. British then thought matter

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[7] Documentation on the remilitarization of the Soviet Zone is scheduled for publication in volume IV.

[8] Under reference here is the trial of members of the East Zone security forces, who had been arrested in the Western sectors of Berlin for carrying arms. During the course of the trial extensive testimony had been given on the composition and size of East Zone military forces.

[9] Documentation on this subject is scheduled for publication in volume IV.

should be thought over as perhaps agreement could be reached without too much difficulty. They would not oppose some declaration, they only wished to avoid protest. *It was agreed* matter would be discussed again.

13. Mallet raised question of Adenauer's request for federal police. French and US were uninformed of this April 28 action and requested time to obtain information.

14. French circulated memo on termination of state of war (see separate telegram) to be discussed later in week.[10]

Sent Department Secto 93, repeated Paris 719, Frankfort 195.

[JESSUP]

[10] In Secto 82, May 2, not printed, the United States Delegation reported that it was sending copies of the French memorandum by courier (CFM Files: Lot M-88: Box 151: Secto cables). No copy of this memorandum has been found in Department of State files.

396.1–LO/5–350: Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—4 p. m.

Secto 104. Economic working group of sub-committee B (German) May 2 discussed steel and German internal economic situation.[1]

Steel: British raised issue of steel production level in view of current level of steel production and probability German pressure for raising level. Group noted report of steel company of April 25 (steel company/P/50/1)[2] indicating production slightly in excess of demand and that adequate steel available to meet consumption requirements. Group also noted MSB proposal to introduce measures effective July 1 to prevent Germans exceeding ceiling. French questioned October–September year for calculation of compliance with ceiling but did not press point too vigorously. All agreed definition of year matter for HICOM to determine and not appropriate for discussion.

British expressed concern that beginning of new steel year October 1 might require cutback of steel production from level reached by that date with consequent disturbances. This was agreed to be problem for HICOM to deal with.

Discussion centered on plans for handling of future pressure on steel production limit. British (Stevens[3]) expressed view no good

[1] This was the third meeting of the economic working group. The United States Delegation had reported on the second meeting, held at 4:30 on May 2 in the India Office, at which problems relating to the Ruhr Authority were discussed, in Secto 92, May 3 (noon), not printed (396.1–LO/5–350).

[2] Not found in Department of State files.

[3] Roger B. Stevens, British Assistant Under-Secretary of State for Foreign Affairs.

security ground for relaxing limit now or until Germans "deliver the goods" under Petersberg protocol,[4] i. e. primarily that they join Council of Europe. If they do, however, later this year British might feel security interest no longer operated with as great force and that eco grounds might well exist for modifying limit. Allies should anticipate situation, not be overtaken, as on dismantling. Stevens stated this would not imply changes in other PLI. (However, line of thought is almost precisely same as expressed by Kirkpatrick[5] re shipbuilding Embtel 2281 April 26.[6])

French (Leroy-Beaulieu[7] and Beaumarchais) recognized that difficulties in store, but doubt economic need for modification of limit, think over-all European steel supply situation should be considered, therefore think increase will not be required and oppose same. They seemed inclined to take measures now to hold down production and prevent Germans from creating situation in which production would later have to be cut.

Reinstein[8] agreed undesirable repeat dismantling experience. Steel level was fixed in 1947 (prior to ERP) and not for all time. Question of revision should be considered on economic merits. Desirable that if Germans request revision, they should be asked to submit justification and there should be orderly procedure for examination rather than propaganda and pressure. Expressed doubts question should be linked to one specific political issue.

Group tentatively agreed paper should be drafted with view to advising Foreign Ministers along following lines:

1) No immediate action required.
2) May become unpleasant subject later in 1950.
3) Consideration of raising level must be in light of, *a*) security and political considerations *b*) German economic situation, particularly viability *c*) general supply situation in steel.

HICOM should be asked immediately examine situation considering

(i) Unemployment.
(ii) Viability.
(iii) Possibility of import of steel. This examination should be conducted quietly and should not be disclosed to Germans.

Reinstein pressed for agreement on answer to be made to Germans if question revision formally raised. This was for moment deferred.

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[4] For the text of the Petersberg Protocol, dated November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

[5] Sir Ivone A. Kirkpatrick, British Permanent Under-Secretary of State (German Section) for Foreign Affairs.

[6] Not printed.

[7] Paul Leroy Beaulieu, Financial Adviser to the French High Commissioner for Germany.

[8] Jacques J. Reinstein, Officer in Charge of German Economic Affairs in the Department of State.

German internal economic situation: reviewed in general terms. French suggested further development of German economy would cause German exports to press on western markets. Proposed that Germans be informed no objection to expansion east-west trade subject to security limits. No conclusions reached and further discussion will be held on investment capital, east-west trade, expellees, Berlin, obstacles resumption normal trade.

Sent Department Secto 104, repeated Frankfort 196, Paris 721.

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—3 p. m.

Secto 122. 1. Further meeting sub-group on German economic questions held at Foreign Office afternoon May 3 [1] (Sectos 92 and 104 May 3 [2]).

2. Following opening statement by Stevens who emphasized importance Berlin economic problem Reinstein spoke along lines recommendation (1) document E–4*a*.[3] Stevens said ways and means by which Berlin exports might be promoted were now being discussed by Foreign Office with UK element HICOM and hence he was not yet in position to express final views on subject. It was his impression however, that not a great deal could be done to acquire Berlin products on basis government procurement other than that for consumption in Germany itself. When subsequently questioned he admitted that British had not investigated possibilities procurement Berlin and indicated desire to receive copy recent study prepared by US element. Stevens agreed that every effort should be made to stimulate private trade and thought that greatest possibilities might well be found in smaller OEEC countries, colonies and other areas less industrially developed than Berlin. He nevertheless felt that "we should put our own house in order" before pressing other OEEC countries to promote exports from Berlin. He also considered that it would be desirable to extend tripartite assistance to establishment of sales organization

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[1] The fourth meeting of the German economic working group was held at 3 : 30 in the India Office.

[2] Secto 92, not printed, but see footnote 1 to Secto 104, *supra*.

[3] Recommendation 1 of FM D E–4*a*, "Berlin," dated April 14, not printed, read "That the Foreign Ministers urge their Governments and the OEEC countries to maximize government procurement in Berlin and to take steps to encourage and promote exports from the city to the West." An earlier draft of this paper, FM D E–4, dated April 11 and two subsequent drafts, FM D E–4*b* and 4*c*, dated May 2 and May 3, respectively, contain the same recommendation. (CFM Files : Lot M–88 : Box 149 : May CFM 1950 E, F, G, H Series)

in Berlin. Before pursuing this matter he would like more information re Berlin production and manner in which it could be adapted to maximize exports.

3. Leroy-Beaulieu agreed desirability government-procurement proposal and said French have in fact been placing number orders Berlin through purchasing agent permanently stationed there. Generally speaking, however, question trade promotion was one in which Germans should take lead. In latter connection he suggested possibility organizing trade fair. Marshall [4] indicated matter was being studied but that we had run into procedural and technical difficulties. As to Stevens sugguestion for Berlin trade organization, Marshall stated that question was that of fitting it into larger sales organization for all of West Germany.

4. After further discussion in which US representatives outlined various financial measures we are taking to alleviate Berlin economic situation, Stevens suggested that general statement be drafted Foreign Ministers emphasizing importance dealing with Berlin economic problem and need to stimulate exports but without specific reference to government-procurement. Reinstein replied that it would be preferable to include specific proposals such as suggestions re government-procurement and encouragement by OEEC countries to exports. It was agreed that matter would be pursued further next week when results Foreign Office–UK HICOG discussions would be available to Stevens.

5. Consideration then given to question Soviet restrictions on trade. Reinstein summarized pertinent sections reference document [5] and laid particular emphasis on desirability escape clause provision in trade agreement. Stevens cautioned against any action which might further impede our access to Berlin although agreeing that we should have counter measures ready should Soviet impose additional restrictions on trade between Western zones and Berlin and vice versa.

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[4] Charles E. Marshall, United States Economic Commissioner at Frankfort.

[5] The recommendations of FM D E–4*a* relating to trade read:

"2. That the Foreign Ministers direct the High Commission to enforce the present interzonal trade agreement strictly and to require, among other conditions for approving any future trade agreement between East and West Germany, maintenance of a minimum volume of Eastern trade with Berlin as well as rigid payment procedures, so as to permit the Federal Republic to reduce or stop Western deliveries to the Soviet Zone whenever the latter does not fulfill its obligations under the trade agreement. The High Commission should also insist that there be a reservation providing escape from the obligations of the trade agreement permitting the reduction or cessation of deliveries to the Soviet Zone in the event of interference with trade between the Western Zones and Berlin (in either direction).

"3. That the Foreign Ministers agree to the principle of immediate restriction or cutting off of West German deliveries to the Soviet Zone whenever significant restrictions are imposed by the Soviets or German Soviet Zone authorities on trade or transport between Berlin and the West."

French indicated that they would like to study matter further. Therefore, agreed that US would put its proposals in writing for consideration at subsequent meeting.

6. Leroy-Beaulieu again raised question East-West trade as relating to Germany (Secto 104) and expressed concern that American list which US has imposed on Germans re exports to east more restrictive than international list followed by other OEEC countries. Stevens said that before commenting on this observation, he would like to speak in "broader perspective." British, he continued have been thinking of "optimum level" German trade with east in next few years and in this connection cited statistics showing sharp drop current trade as compared with prewar level. It was, he considered, essential that German trade with Eastern Europe be increased although care should be taken that it not exceed danger point where West Germany would be unduly dependent on Eastern Europe for essential supplies of foodstuffs and raw materials. "Practical question was what could be done in practice to step up volume West Germany-Eastern Europe trade without involving security dangers." First thing he thought should be to place Germany on basis equality with other OEEC countries so far as restrictions on trade concerned. On assumption we can agree that this "discrimination" is to be removed, we should next consider what "positive advice" HICOM might give Germans re negotiation of trade agreement with satellites. Alphand argued on much same lines, asserting economic situation in Germany cannot be improved without increased trade with east and pointing out fact that nearly 20 percent German prewar trade had been with that area.

7. Reinstein agreed that trade with Eastern Europe was important factor German economy. Nevertheless, we should not concentrate on that area alone. Trade with Latin America and US had also been important prewar period, but today represented only "infinitesimal fraction" of what it had been. There were many factors which accounted for Germany's failure to increase exports including ineptitude and lack of interest on part German exporters to develop markets. These points would have to be driven home to German authorities. Moreover it was his understanding that we have been pressing Germany to export more to satellites and to get more from them. Reinstein also expressed opinion that question of discrimination against Germans as regards exports to east was being considered at Paris [6] and intimated that this was not appropriate forum for discussion.

8. Stevens inquired as to financial basis of Federal Republic trade agreements with satellites, and after Marshall had replied that they

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[6] Documentation on the discussions in Paris during the first half of 1950 concerning East-West trade is scheduled for publication in volume IV.

were being carried out on usual offset account principle, suggested desirability requiring settlement balances in sterling instead of dollars.

9. After further discussion discrimination issue in which UK and French pressed strongly for removal, Stevens proposed that report be submitted to ministers covering following:

(*a*) West Germany's economic difficulties greatly enhanced by loss of markets and hence every effort should be made to expand exports.
(*b*) Germany should not be discriminated against as regards list of products with which it can trade with Eastern Europe.
(*c*) Bearing in mind security considerations, HICOM should advise Germans as to ways and means by which they might stimulate trade with east. Reinstein replied that we would like to consider matter further. It was therefore agreed that British should put their proposal in writing.

10. Subsequent discussion which related to IAR and steel summarized in separate message.[7]

Sent Department Secto 122, repeated Frankfort 198, Paris 734.

[7] Secto 132, May 4 (11 : 00 p. m.), not printed (396.1 LO/5–450).

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, May 4, 1950—midnight.

Secto 145. First round of general policy talks on Germany opened this morning [1] in a small informal meeting with British and French. Kirkpatrick and Steel were present for the UK, Massigli and Bérard for the French, Jessup and Byroade for the US.[2]

Byroade opened the discussions by expressing his regret that the talks had been held up by his failure to arrive as previously scheduled, as well as his concern that local press here had hinted he was arriving with bold new program for solution of German problem. He stated we must arrive jointly at a program for moving forward in Germany and that US did not have a blueprint which they professed would solve all the problems. As a tactic to reassure French, he commented briefly upon extensive rumors since last meeting in Paris and stated the rearmament of Germany was not a part of our policy.

Kirkpatrick stated he believed we were all agreed that Germany must be quite closely associated with West. He believed, however, next

[1] The meeting was held at 10 : 30 in the India Office.
[2] Armand Bérard, Adviser to the French High Commissioner for Germany; Col. Henry A. Byroade, Director of the Bureau of German Affairs.

step was up to Germans and they should join Council of Europe as part of their commitment to live up to Petersberg Protocol. He believed after Germans had taken that step next move would be up to Three Powers and that we must consider now what our next move will be. Massigli questioned need for taking any further step until the time scheduled for review of Occupation Statute.[3]

Kirkpatrick thought next step was of such importance that we should attempt reach agreement now and that Ministers should establish broad outlines under which we would move forward. He believed we must now formulate our plans to give Germany greater equality in international organization and that this would involve a change in field of control over Germany's foreign affairs. Byroade agreed but stated he thought this was only a part of problem and that a very important additional aspect was in the economic field. Germans would judge their real acceptance by West, not only upon political equality but upon question of equal opportunity to markets within West and our action in continued restrictions in economic field. We could not afford in face of East-West situation to have Germany believe that she would never find a place for her normal economic aspirations in the West.

Kirkpatrick agreed completely and stated he believed we would want review our economic restrictions to see if they were all realistic. He gave as example necessity for a more liberal attitude on such questions as German ship-building for export. In later discussions he stated that besides ship-building, we must determine whether our policy on other restrictions, such as the level of steel, production of synthetic oil, and electronic valves to see that they were realistic. He asked if such a proposal shocked French. Massigli replied it seemed they were getting into items of security significance which would make problem very difficult. Byroade stated he thought we could approach the question of a relaxation of certain economic restrictions from another viewpoint.

He pointed out need of building greater real strength in West and felt that we should secure Germany's contribution to such an effort, barring of course German participation in actual military fields. He discussed briefly question of Germany's contribution to support of Allied forces, which we should in our thinking begin to look upon more and more as North Atlantic Treaty forces. In field of economics, he felt Germany should be able make substantial contributions without production of ordinance items. Kirkpatrick said he agreed with that approach but he would wish emphasize at same time the psycho-

[3] For text of the Occupation Statute for Germany, signed April 8, 1949 at Washington, see *Foreign Relations*, 1949, vol. III, p. 179.

logical factors involved in attempting to move Germany towards a status of equality in the West and at same time in maintaining unnecessary restrictions, even though such restrictions might fringe upon the subject of security against Germany. He felt you could not succeed in making Germany a member of the club if we could not progressively release even security restrictions. He stated we would either have to trust Germany or not trust her.

Kirkpatrick then stated we must move forward in three fields: (1) relaxation in field of foreign affairs; (2) relaxation of economic restrictions; and (3) a more liberal interpretation of occupational statute. He was specifically thinking of restricting temptation which we all have to interfere in German domestic affairs. Byroade agreed but stated we should progress as well in execution of the majority vote principle embodied in statute. He stated that the very great efforts of the HICOM to reach complete unanimity in Germany had been extremely gratifying but that after these efforts have been made, if agreement did not exist, we should move forward without extensive delays. If we could all come to accept the necessity of moving forward on basis of majority vote we would be better off. Kirkpatrick was strong on this point, stating that too often the French and British positions in Germany were frozen by Cabinet decisions and there was no way to alter instructions to their HICOMs. He pointed out, however, that governments had also accepted the principle of majority vote and cabinets would occasionally have to be informed that their representatives had done best they could but had been out-voted. It was difficult to tell throughout discussion of relaxation of economic restrictions and a more liberal interpretation of the occupational statute whether French were in agreement with trend of discussion.

Byroade pointed out that another tenet of our policy in Germany should be agreement to take more affirmative line on question of German unity. He felt that recent moves in this direction had been quite effective and had somewhat upset Soviet propaganda and plans. Kirkpatrick stated that was what was already an agreed principle among three powers in past meetings. Byroade stated that while it was agreed, he felt public action [of] the three on joint basis would be necessary to make it clear that we all stood together on this issue. The British and French both agreed.

Kirkpatrick then summarized that apparently we all agreed we must maintain our present policy of steady advance towards the road of harmony in our relations with Germany. The next move, however, seemed to him to be up to Germans in entering Council of Europe. After that step had been taken we must move forward on our side along lines of the objectives previously mentioned, to which he would

now add question of action on German unity. Massigli offered no objection to this summary. Discussion follows as to when Germany might enter Council and it was noted that action by Bundestag would not be taken prior to termination of the conferences. Byroade asked whether this prevented, from British-French point of view, any concrete action or announcements at this conference on subject of Germany. After some discussion, it was generally agreed that we and Ministers must proceed in this conference on assumption that Germany will enter Council of Europe; i. e., that the timing factor of this should not impede laying sound plans for future during the present talks.

Massigli stated West forces must be prepared make statement concerning next step for Germany at same Council session when Germany takes its seat and presumably makes general speech. If there were delay we would appear to be yielding to German pressure. Kirkpatrick more inclined to announce next step after Bundestag approves joining. There was no attempt made to reach agreement on this point.

The German subcommittee reserved for discussion tomorrow question of Adenauer's request for federal police; protest note to Soviets on East German remilitarization and question of a security guarantee for Germany. They referred to the political working group: (1) question of drafting of statement on German unity including reference to all-German elections; (2) question of status of Federal Republic; (3) drafting of an agreed memo to Ministers on question of termination of state of war; (4) refugee problem. The question of first draft of a paper on Berlin was referred to economic working group as well as problems in connection with Ruhr authority.

Kirkpatrick's attitude about a more liberal approach to economic restrictions on Germany was one of most significant aspects of the meeting. It was particularly surprising that he used subject of shipbuilding restrictions as an example several times. It is difficult so far to get a "feel" of the French position which will probably only become clear when we meet to consider an agreed draft of the tentative decisions taken at this meeting. It was clear that no understanding was reached with either French or British on our concept of the problems that might be referred to a continuing study group on Germany. This question came up several times with inconclusive results. In effort to clarify this situation the US will produce a draft of terms of reference for such a group. We feel there are many technical and legal problems which clearly affect normalization of Germany's relations with other nations, and which tie closely into points two and three of agenda of political working group and that it will be fruitless to consider these questions in isolation.

Sent Department Secto 145, repeated Paris 748, Frankfort 200.

396.1 LO/5–550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 5, 1950—10 p. m.

Secto 160. 1. Political working group of Sub-Committee B (German problems) held two meetings today. Allen represented UK, Bérard, De la Tournelle, Sauvagnargues and Lebel represented French and Laukhuff, Gerhardt, Trimble represented US.

2. Berlin was again discussed. It was agreed to request Ministers to approve a statement on Berlin reading as follows:

"1. Three Western Powers must continue to maintain their position in Berlin.

2. To achieve this objective it will become increasingly necessary for three allied governments and German Federal Government to accord high priority to measures required to deal with special problems of western sectors.

3. Allied authorities in Germany should continue, in consultation with competent German authorities, to study measures to be taken in economic, political and cultural fields, by three allied governments and German authorities with particular reference to importance of reducing unemployment in West Berlin and improving its financial and economic position by facilitating increased production and facilities for export both to Western Germany and elsewhere.

4. Advantage should be taken by allies, acting in consultation, of any suitable propaganda and other opportunity to fix upon Russians responsibility for continued division of city, to maintain prestige of Western City Assembly as only truly representative German authority in Berlin and to sustain morale of West Berliners and interest of Western Germany in their welfare."

3. In addition it was agreed to recommend to Ministers that following statement be included in communiqué: "Three western occupation powers will continue to uphold their rights in Berlin. They will protect democractic rights of inhabitants and will cooperate with German authorities to improve to utmost the economic position of three western sectors. Three Powers will oppose any attempts to prevent fulfillment this policy. Meanwhile, three governments will continue to seek reunification of city in free elections in order that Berlin may again take its due place in a united Germany." One of surprising developments was that last sentence of suggested communiqué in fact arose out of suggestion of French delegate. Though French were skittish, Bérard said clearly it was no longer French policy to oppose Berlin as capital of Germany, though it was still difficult for French to propose Berlin as capital. He accordingly agreed to wording suggested by Laukhuff which it is believed will have valuable propaganda effect at least in Berlin.

4. In accordance with instructions contained in Department's Tosec 55 May 2,[1] Laukhuff took occasion to stress importance which US attaches to maintenance western garrison in Berlin at high level of efficiency and to continuance full US–UK–French coordination of plans for operations. There was such immediate and full agreement on this point that it was not deemed necessary to refer it to Ministers.

5. Second item considered was proposal for declaration by Ministers on German unity and all-German elections. Delegates had before them joint recommendation of allied HICOM on this subject dated May 4.[2] There was no disagreement on principles expressed in that document but disagreement immediately developed as to nature of public declaration which should be made by Ministers. Sauvagnargues and Bérard outlined French thesis that statement should be very brief and general, consisting of approval of principle of German unity and endorsement of Federal Republic declaration of March 22. French representatives argued that inclusion of numerous principles defining conditions which Western Powers attach to holding of elections and achievement of German unity would make statement too long for effective propaganda use. They contended it would be viewed as insincere propaganda document containing conditions manifestly impossible for Soviets to accept as well as conditions unpalatable to Germans.

6. Laukhuff, with some support from Allen, argued strongly in favor of thesis that time has arrived when it is necessary to state the minimum conditions for elections and to point out additional requirement before German unity can be obtained. He argued that unless this were done Germans would be misled into believing elections were only thing necessary to achieve German unity. Furthermore, Soviets might possibly make approach on basis Ministers' statement and if it then became necessary to state additional conditions, we would be in danger of being accused of insincere initial approach and of causing breakdown of negotiations.

7. Since it proved impossible to reconcile opposing views, it was agreed that French would prepare short statement along lines they thought desirable. This would be submitted together with longer statement along Anglo-American lines to Sub-Committee B for decision. In any event, it was agreed by all three delegations that longer

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[1] Not printed, it reported that the following recommendation was being added to FM D E–4*a* in view of the Joint Chiefs of Staff comments on that paper:

"That Secretary, in accordance with desire expressed by JCS, impress upon Brit and Fr FonMins necessity for maintaining Western garrisons in Berlin at high level of efficiency and for continuing coordinate fully US–UK and French plans for operations." (CFM Files: Lot M–88: Box 151: Tosec Cables)

[2] Documentation regarding the proposals of the Allied High Commission for Germany on German unity and all-German elections and the declaration of the Federal Republic of March 22 is scheduled for publication in volume IV.

statement if not used as public statement by Ministers would serve as directive to HICOM for further proposals which might be made as next step. Agreed Anglo-American statement follows in separate telegram.[3]

Sent Department Secto 160, repeated Paris 761, Frankfort 205, Berlin 3.

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[3] Transmitted in Secto 161, May 5 (10 p. m.), not printed, this draft statement read as follows:

"The three Foreign Ministers reaffirmed the determination of their governments to work together, in cooperation with the German Federal Government and all like-minded powers, for the unification of Germany. They agreed that German unity could be achieved on the basis of the following principles:

"(*a*) A freely-elected all-German government in Berlin.

"(*b*) Individual freedom of movement, freedom from arbitrary arrest and detention, freedom of association and assembly, freedom of speech, press and radio throughout Germany.

"(*c*) Freedom of action throughout Germany for all democratic political parties.

"(*d*) Independence of the judiciary.

"(*e*) Prohibition throughout Germany of political secret police and police formations constituting a military force.

"(*f*) Assurance of German economic unity through action by a German government on matters such as a unified currency and customs, and through quadripartite agreement on matters such as cessation of reparations from current production, and prohibited and limited industries.

"(*g*) Surrender and disposal, in accordance with appropriate German legislation, of any industrial enterprise in Germany whose ownership or control was acquired after 8 May, 1945 by or on behalf of any foreign power, unless such acquisition has quadripartite approval and the interest so approved is subjected to German law.

"(*h*) Establishment of quadripartite supervision through a 4-power commission, exercising its reserve powers in such a way as to permit the German Government to function effectively. The commission would normally take its decision by majority vote.

"The Foreign Ministers further agreed that the first step towards the restoration of German unity should be the holding throughout Germany of free elections to a constituent assembly. They accordingly welcome and endorse the resolution of the German Federal Republic of 22 March, 1950, inviting free all-German elections for a national assembly empowered to frame an all-German constitution. These elections should be held under international supervision and on the basis of an electoral law to be agreed between the four occupying powers which would take into account the principles set forth above. The constituent assembly, when elected, should have the sole task of drafting a constitution for submission to the German people for ratification.

"Finally, the Ministers agreed that with the formation of an all-German government on the basis of the foregoing principles, the four powers should immediately address themselves to a peace settlement." (396.1 LO/5–550)

396.1 LO/5–550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET PRIORITY LONDON, May 5, 1950—11 p. m.

Secto 162. Second general meeting on Germany resumed this morning with Kirkpatrick and Steel for British, Massigli and Bérard for

French, Perkins[1] and Byroade for US. Discussions centered around a paper prepared by British as result of yesterday's talks. The paper as now modified by us and somewhat watered down by French is designed as discussion paper for the Ministers and will be transmitted by separate cable.[2]

Discussion of this paper has been difficult from the American point of view. It is difficult to object to the specific parts of paper as it contains many of steps which we would like to see taken in Germany if they are placed in the proper context. As matter of tactics, it did not seem wise to object to these specific steps, even though placed somewhat in the wrong surroundings, because it was not desired support French hesitation towards moving forward.

On other hand the paper sponsors a course of general lifting of controls, particularly foreign affairs, without any single specific return which we have desired from Germans, including question of contribution to the building of basic strength in the West and without assurance that either French or British are prepared take action themselves, particularly in economic field, that would minimize risks this course. It is a course of giving up controls without any assurance that an adequate framework is to be established either in Western Europe or in the North Atlantic area which would both create a drawing force on the Germans and tie them to a Western framework of significance either politically and economically.

If we proceed along these lines we face possibility of relinquishing our position of influence in Germany and hence to great extent in Europe in return primarily for Germany's alignment with West through Council of Europe which light of probable developments is inadequate. Under these conditions Byroade reserved his approval of entire paper, stating that whether US wished to go this far or even farther in our German policy would depend a great deal upon type of framework we were building in West in which Germany could fit. Inasmuch as this subject was being dealt with elsewhere and would probably be dealt with by Ministers, he felt no agreed recommendations could be given the Ministers on policy towards Germany in isolation of this broader problem.

Discussion then turned to the subject of reply to request by Adenauer for establishment of central militarized police of 25,000. Massigli objected strongly to any affirmative action on this request without more careful study, pointing out familiar French pre-occupation at this element of control in hands of a central government. They pro-

[1] George W. Perkins, Assistant Secretary of State for European Affairs.
[2] Secto 169, *infra*.

posed as an alternative that consideration be given the formation of separate and stronger units in the *Laender* which could be called upon by Federal Government. He stated that in his opinion French Government would be unable at this time conference even on ministerial level to give final approval of establishment of central police as such a step would require extensive coordination within their government.

The British argued for approval of Adenauer's request almost solely upon fact that they were afraid of purely domestic disturbances and riots by Germans against decisions of their government in which British troops might have to interfere. They were afraid also that chance might arise where sympathy in Britain were with rioting personnel which would create a major public opinion problem in Britain if British troops were used. Kirkpatrick did not seem to connect in any way need for central police in West with fact that such forces are already in being in East.

Byroade stated it had been our hope that we could create a situation which would so identify Germany's interests and aims with West that existence of a number of centralized police would not be viewed as a matter of concern or relative importance. However, he wished reserve his position as he considered it improper for a communication from Adenauer to HICOM to be raised for governmental discussion and decision prior to any formulation of opinion on the subject within HICOM. He stated that after arrival of HICOM it might be possible to formulate a position for Ministers. Kirkpatrick then stated that perhaps we could authorize Adenauer to create a limited number of federal police for control of Bonn area and reserve rest for future study. Massigli stated he believed this would be acceptable to French.

Subject of a protest note to Soviets regarding remilitarization of Eastern Zone was then discussed without conclusion. There were indications that both Kirkpatrick and Massigli were in agreement with US proposal but that they were still without clearance on this subject from their Ministers.

Committee will meet tomorrow to attempt finalizing various portions of communiqué and to confirm drafts of various other agenda items which have been under preparation in sub-committees. It is not expected that there will be further talks on major policy questions regarding Germany in advance of arrival of Ministers.[3]

Sent Department Secto 162, repeated Paris 763, Frankfort 207.

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[3] The United States Delegation reported on the final meeting of Subcommittee B in Secto 199, May 8, not printed, indicating the agreement that had been reached on the various papers on Germany (396.1 LO/5–850). The agreed papers were then submitted to the Foreign Ministers.

396.1 LO/5–650 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 6, 1950—noon.

Secto 169. Following is text of paper on policy towards Germany for discussion by Ministers referred to in Secto 162, May 5:

"1. The objective defined in Petersberg Agreement as 'the incorporation of the Federal Republic as a peaceful member of the European community' remains the essential aim of Allied policy in Germany.

2. The next move in direction of closer association with West must come from German Government themselves in the shape of acceptance of outstanding invitation to enter Council of Europe. The initiative in this matter has already been taken by Allies who have secured the issue of invitation. Any further advance on Allied side before Germans have accepted it, as they clearly indicate their intention to do in the Petersberg Agreement, should not be contemplated.

3. At same time, assuming that in near future the Federal Government does accept invitation, the Allied government should agree on a long range program towards Germany providing for progressive relaxation of controls, it being understood that Allied Powers intend to retain supreme authority over Germany in the present condition of Europe. It should be their object to convince the Federal Government that progress towards the common objective must be by means of an orderly sequence of advances on both sides. This process of evolution should take place on the basis that the continuation of the occupation regimes affords the best condition for the association of Germany with Europe without compromising the principle of German unity and affords the greatest measure of security to the Federal Republic.

4. This program should consider in particular following points:

(*a*) Allied intervention in German internal administration.

(*b*) The security restrictions placed on German industry.

(*c*) The conduct of Foreign Affairs, it being understood that Allied authorities would in any case retain certain ultimate powers in this field but desire to facilitate the full participation of Germany in the Council of Europe.

(*d*) The interpretation of the occupation statute and the working of the machinery of the HICOM with special attention to:

(i) The liberal intentions expressed in the statute itself and in the unpublished memorandum of April, 1949 on principles governing the exercise of powers and responsibilities.[1]

(ii) The use of the agreed voting machinery in order to ensure prompt decisions.

A working party should be set up to consider in particular points (*a*), (*b*) and (*c*), so as to be able to report by September 30, 1950. As regards (*d*) it is recommended that general instructions in this sense should be issued by the Ministers as a result of their meeting.

[1] For the text of the Agreement as to Tripartite Controls, signed at Washington on April 8, 1949, see *Foreign Relations*, 1949, vol. III, p. 178.

5. It should be understood that the relaxation of controls would take place in general by unilateral action of the Allied governments and not by contractual arrangements. This does not preclude possibility of concluding with the Federal Government, according to the precedent of the Petersberg Agreements, special arrangements of a practical nature. The possibility of a separate peace settlement with Western Germany should not be contemplated.

It would be undesirable that any indication should be given of the further advance which might be made on the Allied side prior to German entry into Council of Europe. German entry in due course may be assumed as probable but there should be no appearance of bribing or pressing Germans into the Council. If and when Germany accepted invitation the meeting of the assembly would provide an occasion for sketching in general terms the advances which Allies might make but these should not be stated in so concrete a form as to enable Germans to claim that they were unconditional promises." [2]

Sent Department Secto 169, repeated Paris 767, Frankfort 208.

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[2] The text of this paper with the addition of the following preamble was designated TRI/P/22 in the records of the conference:

"As a result of general discussion it was agreed that the following points should be submitted to the Ministers for consideration in the light of other papers dealing with the question of Germany and the future of Europe." (Conference Files: Lot 59 D 95: CF 18)

With the change of the word "full" in subparagraph (*c*) to "fuller" and the substitution of the word "treaty" for "settlement" in the last sentence of paragraph 5, the paper was submitted to the Foreign Ministers as MIN/TRI/P/7 (*ibid.*, CF 20).

396.1 LO/5–650

Memorandum by the Director of the Bureau of German Affairs (Byroade) to the Secretary of State

TOP SECRET [LONDON,] May 6, 1950.

The conference on Germany started rather late in the preparatory talks and there were only two days of general policy discussion. Nevertheless, certain fundamental positions of the British and French seem obvious. These conclusions are formed mainly by outside discussions with the British and French representatives.

On the British side, on the level of the Under Secretary of State for Germany (Kirkpatrick, who is shortly to become UK High Commissioner in Germany), the approach towards the German problem is fundamentally quite different from our approach, although their approach seems superficially to embody a great number of the steps which we desire. They are quite willing to move forward rapidly in the field of giving back controls to Germany. In this they place primary emphasis on restoring to Germany the control of foreign affairs, but hesitate on releasing controls in the field of foreign trade and exchange. They seem to have no concept that a question of or-

ganization of Europe or the West has any bearing on the German problem. They visualize Germany within two years as a full member of NAT with substantial, but unbalanced, military forces. They are not concerned with the fate of the so-called reorientation or democratization programming which has been a major part of our policy. They would give Germany centralized police now with full intention that this is a future start of German armed forces. They speak of a step by step approach but seem to ask from the Germans nothing but entry into the Council of Europe.

We believe the above course is going to be sponsored by the British in an effort to regain their lost prestige in Germany and that they will make every effort to be in the lead from here on in, taking measures which will be looked upon by the Germans with favor. They are already doing so. They seem to have little interest in securing any commitments or obligations by Germany as they go down this process of relinquishment of control. They are quite opposed to the principle of any German contribution in an economic sort of way to the military strength of the West, on the ground that the Germans will not agree to this unless they are allowed arms.

In a conversation with me Kirkpatrick indicated that France was "no damn good" and that Germany would make a better partner.

Representatives from Frankfort indicate increasing evidence of the British desire to relax controls and tie Germany financially and economically to Britain. As you know, there was extreme irritation at our interference in the recent German-UK trade talks,[1] and it was apparent that they believed this to be a European problem in which we should not interfere. It was an effort, as we saw it, to tie Germany to the sterling bloc.

If we are led down the path of relaxation of controls with no greater commitment of Germany in the over-all framework except in a Council of Europe and the OEEC, which, under present prospects, seem quite ineffectual, we are debarking on a course which will reduce the influence of the United States in Germany and to a great extent in Europe. This would allow the British to be a major shaper of policy towards Germany which they would hope to increase by tight financial arrangements with Germany.

There seems to be no effective way to combatting such an arrangement until the United States makes up its mind whether it desires, in its own interest, to retain a position of influence in Europe and the extent of its willingness to participate for this reason in European affairs.

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[1] Documentation on the German-U.K. trade talks is scheduled for publication in volume IV.

The French position, while somewhat sticky along the lines of their traditional concern at a regrowth of German influence, has at this conference been fairly reasonable. They seem to accept as inevitable that Germany will regain a position of great influence in Europe. Having accepted that fact, and seeing as yet no framework which reduces the risk inherent in such a condition to France, they are agreeing in principle reluctantly to move forward with the hope of holding back on specific issues as long as possible.

The interest of the United States must be to find the means which will cause the French to move forward on a progressive policy with confidence. If British policy is accurately portrayed by the views of Kirkpatrick, it seems we must also disabuse the British of their idea that they can maintain special relationships with the United States and continental powers of their own choosing. With such an attitude there can be no effective organization of Europe or of the North Atlantic Community. In the absence of realization of either one of these objectives, there seems to be no really acceptable way of accomplishing our objectives as regards Germany.

Trilateral Talks on Southeast Asia: The Work of Subcommittee C

396.1 LO/5–150 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 1, 1950—11 p. m.

Secto 74. From Jessup. First trilateral subcommittee SEA.[1] Massigli opened by stating preference that we should first agree on our general attitudes toward Southeast Asia then take up countries one by one with assignment particular responsibility for each. He then made three points.

1. Southeast Asia be regarded as a whole. While Indochina important, its problems differ more in degree than in essence from other SEA countries since repercussions from one are felt in all.

2. Economic reconstruction of area is all important if native peoples are to be wooed away from Communism and they should coordinate on program of reconstruction.

3. Difficulties facing area have common origin. International Communism directed by Kremlin increased by CP successes in China. French delegate therefore suggests statement emerging from conference by three ministers showing tripartite solidarity in area. That such solidarity exists is proved by French-UK exchange views in Singapore and in US willingness consider US military economic aid.

[1] Held at the Foreign Office at 4 : 30 p. m.

Public statement thereof would vastly strengthen resistance of area to Communism.

Dalton Murray for UK (Dening had not yet arrived) tried to switch French on to Indochina but Massigli demurred saying he would be more prepared to discuss it tomorrow after Du Gardier's [2] arrival.

Merchant then briefly outlined US views on SEA as per B–24 [3] paper paragraph on general objectives, stressing that legitimate interests of UK and France could only be preserved by accommodation with local nationalism, otherwise this nationalism would be swallowed up by Communism.

Lloyd [4] for UK agreed in general that if nationalism is not dealt with in first instance whole area will pass to Communism. The question was how best to channel nationalist sentiment so that natives would no longer be attracted by Communist mirage.

Massigli then asked British to outline their views on Malaya. Paskin for Colonial Office obliged at considerable length, stressing fact that nationalism as such was not chief UK problem in Malaya, aspirations of non-Communist Malay and Chinese population thoroughly satisfied with British federation plans and did not wish British to depart. Trouble comes from small militant Chinese Communist groups receiving orders from outside. Acknowledged that Chinese community contained many fence-sitters.

Massigli then asked if pure nationalism was a sufficient antidote to Communism, questioning whether it did not lead to isolationism and xenophobia and whether it could be relied on alone. Suggested economic recovery was a necessary concomitant to satisfaction nationalist desires. Dalton Murray agreed but stressed that one must avert the danger of suppressed nationalism turning to Communism for help.

Massigli started discussion on question of arms smuggling into Malaya and Indochina from Siam. British and French agreeing that

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[2] Roger Robert du Gardier, diplomatic adviser to the French High Commissioner for Indochina.

[3] The general objectives of FM D B–24, "Cold War Round-up," dated April 20, not printed, stated that since Southeast Asia was politically and economically important to the United States, its loss to Communist control would be a major defeat. If the nationalist movements in the area did not find reasonable accommodation in the West, they would inevitably gravitate to the East. Except for Thailand, "where direct US military assistance" was necessary, "primary responsibility for these areas" lay with the British and French. A second draft of this paper, FM D B–24*a*, dated May 2, not printed, contained the same general objectives with respect to Southeast Asia. (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

[4] It is unclear whether this is a reference to Sir Thomas Lloyd, Permanent Under-Secretary in the Colonial Office, or John O. Lloyd, former member of His Majesty's Special Commission in Singapore.

while Siamese central government promised to halt it, implementation was very faulty. Baeyens stated that even some elements of Siamese army and navy were involved in smuggling to Cambodia. Jessup asked if coordinated action by three governments in Siam and perhaps the Philippines on smuggling both of arms and Communist agents might not be desirable. Dening (who had just come in) suggested three Ambassadors in Bangkok might be instructed to concert on this problem. There was agreement on this proposal, Baeyens adding that after arrival new US arms in Thailand problem might become more acute.

Dening then raised question of Chinese communities in SEA. He foresaw four possibilities of developments in China: (1) Chinese Communist governments developing under Russian domination; (2) Russian attempts at such domination would so antagonize Chinese that Mao would become second Tito; (3) collapse of Mao government through inefficiency and incapacity to govern; or (4) a successful Chinese Communist state. None of these four developments would become apparent for some time and meanwhile Chinese influence in Southeast Asia would be bad and its seriousness should not be underestimated. He suggested a survey of Chinese communities in SEA to assess this danger. Jessup agreed and established connection between this idea and our proposal for coordinated information programs in area.

Massigli returned to tripartite declaration idea for Dening's benefit suggesting statement might contain following elements: (1) joint interest of three countries in area; (2) disaster in area would have serious repercussions elsewhere; and (3) three countries have decided to cooperate to maintain stability in that area. Massigli would welcome being joined by Commonwealth governments. Dening prefaced his reply by saying he did not have Bevin's views. He then outlined idea advanced in bipartite talk this morning Secto 66 [5] re declaration by Asian states which we might support. Added would be difficult for UK to agree to tripartite statement as suggested by French without consulting Commonwealth governments and important consideration would be that Commonwealth must not divide between east and west on such statement.

Jessup stated that, while US had no settled views, most important element for US would be that any declaration must make clear that west is with east in this matter and not against east. He suggested that if idea had merit we must make haste and suggested French and UK delegations prepare drafts of their idea of statement which could be discussed tomorrow.

[5] Dated May 1, p. 990.

Meeting most disjointed due British unpreparedness and Dening's partial absence. Although Jessup pressed French, they offered no comment on Merchant's assessment of situation as per B–24.

Sent Department Secto 74; repeated Paris 701.

[JESSUP]

396.1–LO/5–250 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 2, 1950—midnight.

Secto 89. From Jessup. (Section one of two.) Second Trilateral Sub-Committee SEA.[1] At Dening's request French delegation opened on Indochina. Du Gardier, Pignon's[2] diplomatic adviser, in a presentation made following points:

1. During last four months military situation has shown improvement while political, guerrilla and fifth column conditions have deteriorated. 23,000 peasants defected in Tonkin in March and this trend continuing. Some regular army officers have also defected including cousin of Viet-Minh Cabinet officer. On other hand, terrorism and guerrilla activities especially in Cochin China have increased, and fifth column has received orders to intensify its activities as evidenced by recent murder of French police official. Communist Party is coming more and more into open not only in Indochina but also in Malaya and Hong Kong with purges and terrorism.

2. Importance of Ministers Conference on SEA public opinion, publicity given to fact SEA and Indochina on conference agenda has caused following reaction: there must have been many conferences but few results, this is last chance for Western Powers to show their determination to keep SEA their side, their solidarity among themselves and their power. This is favorable time for Western Powers to do this as there is breathing space created by news of famine and high taxes in China and many Vietnamese and overseas Chinese who were willing to take chance on inevitability of Chinese Communist domination SEA are now back on fence. Du Gardier offered opinion 80 percent SEA peoples are less interested in ideology than in being on winning side. (Here he quoted reason allegedly given privately by Pibul[3] for recognizing Indochinese states "because the Western world is richest and strongest.")

3. For above reasons, a statement of solidarity of three powers and as many others as wish to join, emerging from this conference, is of the highest importance.

4. French Army morale is good in the north where strict military discipline is maintained and less good in south where discouraging guerrilla operations are in progress. In poor morale two trends are

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[1] The meeting was held at 2 : 30 p. m. in the India Office.

[2] Léon Pignon, French High Commissioner for Indochina.

[3] Luang Pibul Songgram, Premier of Thailand.

discernible: (1) feeling that war is not approved by entirety of public opinion at home and wide sections of world opinion regard it as colonialist war; (2) French interests in Indochina are not important enough to die for, that country is being given over to Vietnamese and that when war is over French influence will have disappeared. This is one reason why French do not now plan to increase powers of Vietnamese. French troops must feel they are fighting for something; they need the feeling that their actions are approved. Hence, psychological as well as material importance of hoped-for Western military aid.

5. Political crisis in Vietnam. Three ministers of importance to Viet Party left government because of their disgust at inaction and lack of manifestation of authority of Bao Dai and inability Prime Minister organize government effectively. French had no part in provoking crisis and only intervened after it had continued for three weeks when they urged Bao Dai to find a way out. French were not behind choice of Prime Minister-designate Tran Van Huu despite rumors in press circles where Huu being considered pro-French. French, however, are glad he entertains more friendly sentiment towards them and realizes importance of effort they are making to hold military perimeter. France needs a government which is an ally while France is doing most of fighting and thus feels that Huu, unlike his predecessor, will come out with statement of common Franco-Vietnam cause against Viet-Minh. Huu is strongly in favor of quickly building up Vietnam army and French will cooperate fully.

Dening asked further details concerning organization and chain of command of Communist Party in Vietnam, also if there were documentary evidence its international connections and Du Gardier replied in affirmative saying evidence increasingly showed Communist Party organization in Vietnam and Communists getting key jobs down through to lower levels.

(Section two of two) Dening then referred to propaganda posture of Bao Dai venture observing it did not show on credit side of ledger. Du Gardier agreed saying French were at least beginning long deferred effort but had many difficulties; no information service in SEA, small staffs in French Legations and Consulates and no translations into English which was principal language of civilization in area. Dening asked if there was not chance of cooperation here and Jessup said US which had good size information service in SEA would be glad to help in getting out the facts.

Replying to query by Jessup regarding rice crop prospects, Du Gardier said there would be slight amount for export this year; Tonkin was slightly deficient as usual; there was balanced situation in Annam and excess in Cochinchina.

Discussion then turned to arms smuggling from Siam following same lines as yesterday (Secto 74 [4]). Massigli and Du Gardier feared

[4] *Supra.*

influx of new arms under military program might increase those available for illicit traffic and Merchant stated we intended obtaining commitments from Siamese not only regarding US arms aid but also regarding those which new arms would replace. Also suggested US might attempt to obtain greater cooperation from Philippines.

Dening and Du Gardier exchanged views on pattern Communist organization agreeing that mask of nationalism was being less used by Communists throughout SEA, that slogans of international Communism were coming to fore and that this fact should be exploited in propaganda.

Dening then returned to declaration of solidarity and Du Gardier referred to Massigli's proposal of yesterday a draft of which would be circulated tonight or tomorrow morning (this will be cabled when received).[5]

Dening then made following points regarding possible declaration:

While he could not speak for Bevin he would welcome French draft as point of departure. Commonwealth solidarity however was highly important. At Colombo, Commonwealth could not agree on joint political action regarding SEA, hence his tentative suggestion to obtain a general declaration to which Asian as well as west powers could adhere. One must also take account of neutrality feeling: Asian fear of being pawns in great power conflict. (Dening increasingly shying off solidarity declaration.)

Jessup referring to subcommittee's purpose to submit agreed papers to Ministers suggested three be prepared: (1) assessment of situation and our objectives, (2) specific fields of common endeavor, e. g., arms smuggling and coordination of information, (3) a final statement to emerge from conference. He could not say now that US accepted

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[5] Transmitted in Secto 91, May 2 (midnight), not printed, a translation of this draft read:

"During the meeting in London the Foreign Ministers of US, France and UK have studied situation SEA.

"They have taken note with satisfaction of entry of new Asian states into community of free nations. They view with approval the efforts of these states to maintain their independence despite the difficulties they have had to face in the political and economic fields and because of the dangers which threaten them from within and without.

"Declaring the will of their governments to help the SEA states in their efforts to defend their freedom and insure peace; convinced that this objective can only be obtained through the development of the national characteristics (*génie national*) of each community and through the increase of economic prosperity, the ministers have recommended that their governments furnish these states with all the assistance in their power.

"They hope that the three governments may obtain the cooperation for the above stated objectives of all nations interested in the maintenance of peace in this region of the globe.

"They declare that any threat affecting the integrity or security of the SEA states would cause them to adopt all measures appropriate to terminating it." (396.1–LO/5–250)

principle of three-way declaration as our tentative view had been that it might be construed as ganging up of west against east. We would however sympathetically examine French draft. He then circulated as basis for discussion as agreed paper on point 1*a* US draft based on C–2*a* paragraphs 1 through 5 (being cabled separately).[6]

Merchant requested views of others on desirability and feasibility of association or organization of Asian states, outlining US position. Dening replied British experience showed one must start with economic cooperation in hope it would lead first to political cooperation and eventually to strategic cooperation. (First exists in embryo only; second is not yet visible and third cannot be envisaged for long period.) This is slow process and it is difficult for west powers to speed it up although something emerging from conference might help.

Merchant generally agreed with these views and Dening and Du Gardier observed that jealousies of Asian states prevented any one of them taking successful initiative.

Massigli closed by asking what progress was made on Japanese peace treaty. Jessup replied that US decisions on best course to follow had not yet crystalized [7] and Dening observed that UK was engaged in "academic exercise of attempting to obtain common denominator of Commonwealth views before formulating its own".

Sent Department Secto 89, repeated Paris 715.

[JESSUP]

[6] Transmitted in Secto 90, not printed (396.1–LO/5–250), but see Secto 135, p. 943 and footnotes 3 and 4 thereto. Copies of FM D C–2*a*, "Southeast Asia," dated April 25, and an earlier draft, dated April 20, neither printed, are in CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series. For the text of the Joint Chiefs of Staff comments on FM D C–2*a*, see United States Department of Defense, *United States–Vietnam Relations, 1945–1967* (Washington, Government Printing Office, 1971), Book 8, pp. 318–320.

[7] For documentation on the United States position on the Japanese peace treaty, see vol. VI, pp. 1109 ff.

396.1–LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET NIACT LONDON, May 3, 1950—8 p. m.

Secto 112. From Jessup for Secretary. Our preliminary thinking re possible public declaration on SEA following:

1. Increasingly apparent that even if we wished tripartite solidarity statement, British desire clear with all Commonwealth governments would eliminate possibility on time element alone. French draft Secto 91 [1] obviously inadequate.

[1] Not printed, but see footnote 5, p. 940.

2. Unilateral US statement (as contemplated in *aide-mémoire* to French Embassy April 28 [2] and conference paper C–3*a* [3]) should obviously therefore not emerge from tripartite conference. It might however appropriately be made by President immediately following Secretary's meeting with Schuman May 8 and be based on following outline which submitted without trimmings:

a. Schuman and Acheson have examined Indochina situation and their views largely coincide.

b. Meeting the threat to the security of Vietnam, Cambodia, and Laos which now enjoy independence within the French Union is primary responsibility of France. US however considers situation such as to warrant its according military and economic aid to those states and France for purpose restoring stability and permitting states pursue their peaceful and democratic development.

c. Consequently US Government, convinced that national independence and democratic evolution is nonexistent in any area that falls within network Soviet imperialism, is able, after consideration of requests of associated states and France, to announce that MDAP funds already appropriated have been made available to supplement military equipment of armies of associated states and French Union forces engaged in struggle against Soviet-inspired imperialism in Indochina and that first shipload supplies will leave US during month May.

d. Furthermore the Executive branch of government preparing include in its request to Congress for MDAP legislation for next fiscal year an appropriate sum for this purpose (while this wording may not be practicable, essential that continuity of military program beyond July be brought out).

e. With respect economic aid US Government on basis report of Griffin mission [4] has decided on limited supplementary economic aid for Indochinese states based on immediate health and rehabilitation needs arising from present hostilities. Funds for

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[2] Vol. VI, p. 789.

[3] FM D C–3*a*, "Indochina," dated April 25, not printed, recommended that the Secretary of State:

"1. Ask the French to describe their program for Indochina.

"2. Explain that we regard Indochina as primarily a French responsibility but are prepared to assist.

"3. Indicate that the U.S. is prepared to issue a statement after the conference to the effect that Indochina has been discussed and broad agreement reached.

"4. Explain that the U.S. will not aid France exclusively but will also assist the Associated States.

"5. Confirm that the U.S. does not favor joint staff talks on Indochina but would be glad to send a small military liaison group there.

"6. Be ready to discuss with M. Schuman what his attitude would be if the Indochina situation comes before the UN."

An earlier draft of this paper, FM D C–3, dated April 20, not printed, contained the same set of recommendations except for point 5 (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series). For the text of the Joint Chiefs of Staff comments on FM D C–3*a*, see United States Department of Defense, *United States–Vietnam Relations, 1945–1967* (Washington, Government Printing Office, 1971), Book 8, pp. 315–317.

[4] For documentation on the Griffin technical assistance mission to Southeast Asia during March of 1950, see vol. VI, pp. 24 ff.

initial aid during present fiscal year have already been set aside and US Government hopes expend in that area additional funds when authorized by Congress.

3. It is recommended that statement be issued by President immediately after Paris meeting and before tripartite meetings London begin. Presidential statement would carry special weight and is in fact justified by his discretion re 303 funds. It might easily be received as extension Truman Doctrine and arouse excessive expectations, but is appropriate if serious effort is really to be made to hold Indochina.

4. Obvious in view publicity re place SEA on tripartite agenda, three ministers cannot omit any reference to SEA in closing communiqué. While this reference might necessarily be very general if British agreement to be secured principal objectives should already have been obtained by unilateral statement.[5]

Pending consideration this cable request no announcement military or economic aid will be made (reDeptel 1951 to Paris [6]).

Sent Department Secto 112, repeated AmEmbassy Paris 728, Department please pass Saigon.

[Jessup]

[5] In Tosecs 109 and 120, May 5, and Tosec 2 from Saigon to Washington, May 6, none printed, Jessup was informed of the general agreement with the main lines of the proposed public declaration and of the Department of State's concurrence in the course which he was pursuing with regard to Indochina and Southeast Asia (396.1 LO/5–350 and London Embassy Files: Lot 59 F 59: 320 FMC).

[6] Not printed.

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET London, May 4, 1950—11 p. m.

Secto 135. Re Secto 123 (Paris 736).[1] Following is US–UK redraft on assessment and intentions SEA agreed this morning in Tripartite Sub-Committee on SEA [2] and in discussion of which French delegate did not participate:

"1. SEA is of great importance to nations of free world strategically, politically, and economically. Loss of area to Communist con-

[1] Not printed; in it Jessup reported that Massigli had informed him during the morning of May 4 that he had been instructed not to discuss the question of a French acknowledgement of primary responsibility for Indochina. Jessup felt that this position sprang from the desire of certain French governmental circles to have the United States "accept principle of financial responsibility for Indo-China war in addition granting supplementary military and to lesser degree economic aid." (396.1 LO/5–450)

[2] This third meeting of Subcommittee C was held in the India Office at 11:30 a. m.

trol would constitute serious defeat for all free world. Fact that China now under Communist control makes retention of free SEA more difficult but the necessity more compelling than before.

2. The control SEA by world Communism is essential to rapid success of Communist strategy in Far East. Control of and responsibility for China, without free access to economic and political resources of SEA, leaves Communists with substantial increase in their liabilities without in short run a corresponding increase in their assets. This an additional reason for denying this region to Soviet system.

3. When war ended the dominant theme in SEA was nationalism and revolt against Western colonial domination. Measures already taken, however, such as establishment Burma and Indonesia as independent nations have done much to meet desire of peoples of SEA for political freedom and to retain their good will and readiness cooperate with Western democracies in spite continuing efforts Communists to divert forces of nationalism to their own advantage. In Indochina where Communists achieved some success this respect the steps taken to establish independent states within French Union offer way to a solution Indochinese nationalist problem.[3]

4. It is axiomatic that Western Powers must accommodate themselves to those nationalist movements of SEA which favorably disposed to West; otherwise they will inevitably gravitate toward USSR and its satellites including China. In case of those nationalist movements in SEA which already oriented toward Soviet Union, means other than force alone must be employed to weaken and reverse their ties to Kremlin.

5. It important for economy Western Europe that Western European trading and business interests in SEA should be maintained; but the considerable investment of capital and technical skill made by Western Powers in SEA and presence in both independent countries and colonial territories of SEA of substantial European communities provide firm foundation for further development of area in spirit cooperation between Asian and European countries in area at present produce surplus foodstuffs (considerable quantities of which however are consumed other parts of area). Thus discontent in area does not feed primarily on poverty and misery though rate of increase of population in area calls for immediate expansion food production. Region as a whole is economically underdeveloped however and as long term counter to Communist encroachment it desirable that all governments of region should collaborate in intensified measures of development designed to raise general standard of living.

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[3] In the U.S. draft referred to in Secto 89 (May 2, p. 938) and transmitted in Secto 90 of the same day, not printed (396.1 LO/5–250), the first two paragraphs, with the exception of minor textual differences, were the same as numbered paragraphs 1 and 2 of this U.S.–U.K. redraft. The third paragraph, however, read as follows:

"The dominant theme in Southeast Asia is nationalism and the revolt against western colonial domination. Discontent in Southeast Asia does not feed primarily on poverty and misery which are the basic causes of revolt elsewhere in Asia. The countries of Southeast Asia are rich in natural resources and, with a few unimportant exceptions, produce a surplus of food."

6. In same spirit cooperation the administrative experience of Western nations should be made available to countries of SEA and they should be encouraged so far possible to avail themselves of Western assistance.[4]

7. Although security of SEA is of strategic importance to US, the British and French have direct responsibilities in area which make its security of even greater concern to them. The forcible expulsion French and British forces in Indochina and Malaya respectively would be both a military and political disaster. UK and French therefore reaffirm their intention to continue to discharge their responsibilities in British and British protected terrritory and in French Union territory respectively in the area.

8. US has taken and will continue every diplomatic action which appears practicable to defend SEA against further Communist encroachment. It also prepared accord military aid within its capabilities and is examining the possibility of according economic aid to Indochina and certain other parts of area."

Sent Department Secto 135, repeated Paris 745.

[4] The fourth paragraph of the U.S. draft was identical with numbered paragraph 4 of the U.S.–U.K. redraft, but in place of numbered paragraphs 5 and 6, the U.S. draft had the following two paragraphs:

"The political and economic stability of Western Europe importantly depends upon the preservation of legitimate Western European interests in Southeast Asia. Since, as a practical matter the nationalist movements are in the dominant position in Southeast Asia the maintenance of the interests of Western powers can be secured only by and with the voluntary consent of those nationalist movements.

"The determination of Southeast Asian powers to enjoy independence and the attributes of sovereignty is not accompanied by a concomitant ability on their part to administer the affairs of their countries. They must have the assistance of their former administrators. Here again this assistance can be extended and will be received on a strictly voluntary basis only."

The remaining two paragraphs of the U.S. draft were, except for minor textual differences, the same as numbered paragraphs 7 and 8 of the U.S.–U.K. redraft.

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET NIACT LONDON, May 4, 1950—midnight.

Secto 133. Re Secto 123 (Paris 736).[1] Massigli informed tripartite subcommittee on SEA this afternoon [2] that he had important statement to make for French delegation. US draft assessing situation SEA (Secto 90 [3]) had caused considerable emotion in Paris. US–UK

[1] Not printed, but see footnote 1 to Secto 135, *supra*.

[2] The fourth meeting of Subcommittee C was held at 5:30 p. m. in the India Office.

[3] Regarding the text of the U.S. draft, see Secto 135, *supra*, and footnotes 3 and 4 thereto.

revised draft does not basically modify original.[4] He had received instruction from Paris to state that French Government considers there is great discrepancy between the assessment of the critical nature of the situation in SEA including the disastrous results which would follow upon withdrawal of French and UK forces from the area and the consequences which the US Government appears to draw from this assessment. Some time ago French Government drew attention of US Government to necessity for extensive US aid for Indochina. While certain US assistance measures are mentioned in document, French Government considers the document as a whole does not bring out the common interest in the area and US Government does not seem understand urgency and extent of the measures necessary to deal adequately with critical Indochinese situation. Consequently Massigli was instructed not to associate himself with any joint document on SEA situation drafted in the preparatory talks, since French Government reserved its entire position on question until Schuman had opportunity take up matter with Acheson in Paris and Bevin London.

Jessup vigorously presented following points: purpose preparatory meetings was to make assessment areas of agreement or disagreement as they emerge on official level for presentation to minister. If differences of degree of emphasis were found they should be recorded. Such differences frequently occurred in policy conclusions. US draft however, was largely factual in nature and there were surely points of fact in combined US–UK draft to which French delegation could agree. Questions of emphasis could be discussed and perhaps modified. Would not French delegation be willing proceed to record such agreements and disagreements in such form as would permit subcommittee to present them to plenary session and so fulfill its functions.

Massigli stated his instruction did not permit him discuss draft in any form at present. He suggested best procedure would be for agreed draft to go to plenary as such with note of French reservations on its entirety. He would in meantime seek new instruction from Paris and hoped by Saturday morning he might be in position to give further views his government.

Jessup then made personal plea he be permitted fulfill purpose his presence in London. He was to meet Secretary Sunday morning in Paris with record principal agreements and disagreements. He felt he should be able take with him at very least statement of extent of agreements reached on factual points re SEA and again asked Massigli that discussions proceed on these points. Massigli expressed inability do so.

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[4] Transmitted in Secto 135, *supra*.

Remainder subcommittee proceedings follow separately.[5]
Sent Department Secto 133, repeated Paris 743.

[5] Secto 146, May 5, not printed (396.1 LO/5–550). It reported that the subcommittee had approved the text of the minute on arms smuggling and publicity, transmitted in Secto 136, *infra*, and agreed that two drafts of a final declaration of solidarity on Southeast Asia would be submitted to the Foreign Ministers for decision.

396.1 LO/5–550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 5, 1950—11 p. m.

Secto 136. Following is agreed tripartite minute on specific fields common endeavor in SEA:

"The tripartite subcommittee has examined question of closer collaboration in the area and suggests that following, while by no means exhaustive, are certain measures which might be jointly taken by governments France, US, and UK:

A. *Arms smuggling.*

It is recognized that there is a considerable amount of arms smuggling taking place in SEA and that these arms are being supplied to subversive movements throughout the area. Thailand is believed to be one of focal points for this arms traffic; for example arms are known to be smuggled over Thailand-Cambodian border into Indochina for use by Vietminh forces.

It is, therefore, suggested that French, US, and UK Ambassadors Bangkok should be instructed meet together to discuss ways and means influencing Thailand Government to exercise stricter control over the smuggling of arms into and out of Thailand.

Inasmuch as Philippines are a recognized source of smuggled arms, which find their way to Thailand and other destinations (e.g. Malaya and Indonesia), USDel has recommended to Department State that an approach might be made through the diplomatic channel to Philippine Government on subject.

Subcommittee also suggests three governments should give further consideration to general problem checking illicit arms traffic in SEA.

B. *Coordination of policy in regard to publicity.*

In view common threat to area from subversive movements led by local CP's and revolutionary propaganda they issuing in accordance general line given out by Moscow, subcommittee suggests three governments should seek coordinate their policy on exposing and combating Communist propaganda through consultation between their authorities in area.

It is recognized there is much material provided by captured documents which could be used to good purpose for exposing aims and designs Communists. Subcommittee suggests representatives of three

powers in area consult together with view to making best use this material." [1]

Sent Department Secto 136; repeated Paris 746.

[1] This minute and the paper transmitted in Secto 135, May 4, p. 943, were combined as minutes 2 and 1, respectively, in the report of Subcommittee C on Southeast Asia. Together with a preamble explaining French reservations on minute 1 and the attitude of the British and French concerning a three-power declaration on Southeast Asia, these minutes were submitted to the tripartite plenary as TRI/P/21. The plenary meeting on May 6 discussed TRI/P/21 and agreed on its texts with a revision of paragraph 3 of minute 1 and subject to French reservations on paragraphs 7 and 8, and with minutes 1 and 2 combined into a single minute. TRI/P/21, renumbered as MIN/TRI/P/9, was then submitted to the Foreign Ministers who discussed it at their fifth meeting on May 13. For a report on this meeting, see Secto 246, May 13, p. 1052.

Discussion of the Colonial Question: Bilateral and Trilateral Meetings, Including the Work of Subcommittee D

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—midnight.

Secto 118. Bilateral meeting colonial problems this morning with La Tournelle, LeRoy, Monod and Henri for French; Hare, Sanders, Tibbetts and Utter for US.[1] Hare suggested exchange views colonial Africa and dependent territories in order bring out points of agreement and disagreement. Before setting forth US thinking on subject, he took occasion reiterate our appreciation great responsibilities French and other colonial powers in Africa and US desire see bonds strengthened between France and its overseas areas. He emphasized that US activities, economic and informational, would not be directed toward undermining France's position overseas. US traditional interest in emerging peoples should not be misinterpreted by French as being attempt to squeeze latter out. Hare added relative quiet in Africa affords opportunity study program for future continent with-

[1] This meeting was held at 11:15 a. m. at the United States Embassy. Officials not previously identified and present at this meeting are as follows: Guy Monod, Head of the African Division of the Office of African-Levant Affairs of the French Foreign Ministry; Paul Henri of the Suboffice of Protectorates of the Office of African-Levant Affairs of the French Foreign Ministry; William Sanders, Special Assistant to the Assistant Secretary of State for United Nations Affairs; Margaret J. Tibbetts, Attaché at the Embassy in London; and John E. Utter, Second Secretary at the United States Embassy in France and Assistant to Assistant Secretary Hare during the preliminary Meetings.

out being pressurized by crises as we are elsewhere. He then summarized recommendations in D–4.[2]

La Tournelle expressed appreciation sympathetic attitude towards task colonial powers in Africa, and proceeded explain duality African problem for France, Mediterranean or North Africa on one hand and black Africa on other. Algeria already part of Metropolitan France, required careful handling in view important French population and interests. Tunisia, with large class evolved Moslems, was becoming ripe for greater degree self-government and reform program now under consideration in Paris. Morocco did not yet have elite ready to accept political responsibility, and would require longer preparation. He then asked Monod expound French thinking black Africa.

Monod stated Hare had underlined preoccupations held by French regarding this area, namely long-range aspect and slowness of accomplishing objectives. He added that French had given ample information to TC and GA on their method of administering these territories. Exploitation by noncolonial powers of questions causing repercussions in colonies cause of great concern for France.

Framework of French union, granting French citizenship, and representation in French Assembly offers possibility political development. Conditions for development of people depends on (1) peace and (2) time. Difficulties encountered with certain nationalist leaders, who do not understand real meaning independence. Task of French is find proper formula prepare people and Monod emphasized economic and social development must precede political.

Preliminary and modest beginning for improvement Africa peoples already initiated through multi-power technical committee for Africa where participation of US and other countries welcomed. More complete economic program, however, required. Project of Labonne for zonal development already under way in some areas and hoped extend scope. This would entail capital investment and financial assistance from outside. French would welcome participation American capital.

Monod ended on note that old style exploitation colonies for profit metropolitan states thing of past and by instituting economic and social program racial hatred, drummed up by immature political leaders would be dissipated.

Hare stated this information interesting and reassuring and considered our basic thoughts appeared close together. La Tournelle re-emphasized need of first stage of economic and social development, and warned that chaos and anarchy would ensue if political liberties

[2] The reference here is to document FM D D–4, April 20, entitled "Future of Africa." The full text of this document is scheduled for publication in volume v. The substance of the recommendations set forth in FM D D–4 comprise the United States statement on Africa included as Annex II to document MIN/TRI/P/21, May 9, p. 1093.

granted before solid preparation. Hare remarked political ideas sometimes develop out of proper sequence; some extremism inevitable which would require sympathetic handling by France.

Henri summarized importance of ECA funds in obtaining equipment for overseas France and expressed hope some formula would be devised for continuation this invaluable assistance after 1952. He saw in Point Four possible solution, and stressed that any large scale economic development of Africa would require assurance of substantial financing.

Sanders summarized main points in F–3 [3] which would be discussed in subsequent bilateral talks with French, British and Belgians on colonial question. La Tournelle stated French had no other items to suggest for moment but stressed importance French attach to meeting with others to iron out difficulties in order present common front next GA.

After meeting LeRoy and Baudet lunched with Hare and Utter to discuss informally NE questions. In particular we stressed importance of French contribution to PRA and usefulness mutual exchange information on arms shipments NE countries. Favorable reaction received on both points.

[3] The reference here is to document FM D F–3, April 27, "Colonial Questions," not printed, which recommended that no conclusions on the matter of the colonial question in the United Nations be reached at the meetings of the Foreign Ministers inasmuch as bilateral (United States–United Kingdom, United States–France, and United States–Belgium) meetings on the subject before the next session of the United Nations General Assembly were already planned (CFM Files, Lot M–88, Box 149). For documentation on the origin of the Washington bilateral conversations in July 1950 on the colonial question in the United States, see vol. II, pp. 434 ff.

396.1 LO/5–450 : Telegram

The United States Delegation to the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—8 p. m.

Secto 128. From Jessup. US–UK bipartite meeting colonial questions took place yesterday [1] with following participants: US—Hare, Sanders, Stinebower, Palmer, Tibbetts; UK—Foreign Office—Wright, Parrott, Roger Allen, Hildyard; Colonial Office—Martin, Cohen, Galsworthy, Mathieson, Carter, Wilson.

Group considered following points:

1. UN and colonies. Following issues particularly worrying to British:

(*a*) Before detailed discussion specific issues Martin made parenthetic remark UK had impression US willingly or other-

[1] The meeting reported upon here was held in the India Office, May 3, 10:30 a. m.

wise wished to appear as champion dependent peoples in order steal Soviet thunder. In this connection US pointed to need for leadership which if not exercised by administering powers with due regard for strong nationalist feelings common in world today might go by default to Soviets.

(*b*) Martin and Wright inquired possibility US might soft-pedal bracketing self-government and independence with equal emphasis since some people bound to interpret independence as being status outside Commonwealth. They made point it was not their intention to keep any people within Commonwealth against will but hope they will so remain. US stressed that on contrary we favored progressively closer relationships so long as peoples within territories desire such developments. US realized membership in Commonwealth meant full independence.

(*c*) International accountability under Chapter XI of charter. Self-government within colonies reaching stage not possible submit local legislation to international supervision, particularly in view of character of UN. Local nationalist ready to use UN for mischievous purposes.

Special committee, pressure for political information, and determination non-self-governing territories. British consider these practical expression attempt establish international supervision.

(*d*) Supervision and administration under Chapter XII. UK insist distinction between supervision and administration must be maintained—object to "power without responsibility." Although TC has improved, GA still unsatisfactory. British believe need for definition duties of TC vs. GA in trust territory matters. British consider it impossible have effective administration if TC and UN are to go beyond Charter powers of supervision.

UK mentioned administrative unions, UN flag, as examples of difficulties. British dislike weakening of TC because of weakening of parity principle. UK also inquired whether US thought Italy's becoming an administering power might improve situation for administering powers.

British emphasized will approach entire question with fresh and flexible outlook.

2. Future of Africa. Hare summarized US views along lines of FM D D–4 recos.[2] British expressed gratification and Cohen, head African Department Colonial Office, stated he was in complete agreement on every point. British hope for further detailed discussion since it is not on general principles but on specific issues disagreement may develop. Recognize need for favorable world and US opinion and strongly desire discuss whole African field with us in near future. British desire if possible include whole colonial policy with particular reference to Africa in coming bilaterals on colonial affairs. Seek opportunity of outlining in detail their political and economic plans for Continent to us and await our decision as to whether it will be possible to have such talks in connection with bilaterals.

3. Economic discussion brought out British aims (*a*) harmonize colonial economic policies with French, (*b*) consider colonial policies

[2] Regarding the recommendations in document FM D D–4, under reference here, see footnote 2 to telegram Secto 118, *supra*.

in connection long-term economic relationship US, especially international commodity prices.

British consider ECA experience has following lessons for Point IV planning: (*a*) shortage of experts, (*b*) necessity fitting experts into scheme of territorial technical development.

Major problem from British point of view is increasing difficulty make effective use ECA, Export-Import Bank, IBRD with growing availability non-dollar capital goods. Need for mobilizing investment capital with no strings attached as to where purchases should be made. No longer currency problem but money problem.

[JESSUP]

396.1 LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—10 p. m.

Secto 130. From Jessup. Tripartite [meeting] colonial questions took place this morning.[1] Following attended: France—De la Tournelle, LeRoy, Henri, Monod; UK—Foreign Office, Wright, Parrott, Hildyard, Colonial Office—Martin, Galsworthy, Wilson, US—Hare, Sanders, Utter, Palmer, Tibbetts.

Wright suggested that purpose of meeting was to decide on questions to be submitted to respective Foreign Ministers. He expressed view that one such item was colonial question in UN.

La Tournelle agreed stressing that common action indispensable and all subjects of possible differences should be studied. Hare concurred, remarking that while our roles not identical we should be able narrow substantive gap and by tactical means reduce friction in respect any remaining divergencies.

Wright then suggested that enumeration be made of specific points which should come up for consideration in bilateral discussions of handling of colonial matters in UN. Martin identified along lines of yesterday's bilateral meeting following particular points:

1. Non-self-governing territories: Principle of international accountability, including:

   (*a*) Special committee on information;
   (*b*) Submission of political information to UN;
   (*c*) Question of who decides when territory is self-governing.

2. Trust territories:

   (*a*) Relative functions of UN and administering authorities;
   (*b*) Relationship between TC and GA.

[1] This meeting, the first session of tripartite Subcommittee D, which was concerned with the colonial question and Africa, was held in the India Office, May 4, 10 : 30 a. m.

Sanders said that in future talks on colonial questions, US would want to listen but also to talk. In this latter connection, he inquired whether it might not be desirable establish context within which two main points raised by Martin with respect chapters 11 and 12 might be discussed. This context was realities of situation which confronts us in UN and in virtually all areas of world. Situation was created by great force of emerging nationalism which was dynamic tide, which we all recognize cannot be stopped even if we desire, and can only be led either in constructive or destructive channels. This created grave problems for us in cold war. It was clear that if we did not offer some leadership, others would. An attitude of adamant opposition and of inflexible reliance on legal and technical positions would have far reaching implications on and in UN and other areas of world. It was our feeling France and UK had good story to tell about what they were doing and about their accomplishments, and that problem was how to put this story across in way that would engender greater sense of responsibility on part some countries which now were prone to free-wheeling criticism.

It was agreed that in view importance public relations and tactical aspects whole problem, questions enumerated above should be considered in bilateral discussions in context of (1) critical world situation, (2) atmosphere in UN itself, (3) administrative realities as well as on purely technical grounds.

Wright concluded meeting by stating that there was machinery for adequate consideration of other topics on agenda (economic development and Africa).[2]

[Jessup]

[2] Telegram Secto 141, May 5, from London, not printed, reported that Monod, obviously disappointed at the relatively short time allotted to the discussion of African topics, indicated to Deputy Assistant Secretary of State Hare after the meeting reported upon here that the French Delegation had come prepared for an exhaustive study of the economic development and future of Africa. Hare explained the reason Africa had been placed on the agenda of the meetings was the American intention principally to exchange views on general objectives and reassure the French regarding American intentions and desire to cooperate. Hare indicated that the nature of the conference agenda and the limitation of time did not permit more than a general exchange of basic views. (396.1–LO/5–550)

396.1 LO/5–550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET London, May 5, 1950—noon.

Secto 165. From Jessup. At request of French, second tripartite [meeting] colonial questions took place this afternoon.[1] Following

[1] This was the second meeting of the tripartite Subcommittee D. The first meeting is reported upon in telegram Secto 130, *supra*.

attended: France—La Tournelle, LeRoy, Monod; UK—Foreign Office, Wright, Parrott, Scrivener; Colonial Office—Cohen, Galsworthy, Wilson, Carter, Mathieson; US—Hare, Tibbetts, Utter.

Prior to meeting French circulated statement their policy on black Africa. La Tournelle summarized views which were practically identical those given by Monod in bilateral meeting May 3 (as reported in Secto 118, May 3 [2]). Only new point and one not appearing in text was remark re possibility of Italy and Germany furnishing skilled labor in development Africa. Referring to agreement in tripartite meeting yesterday to examine subsequently UN colonial questions, he stated that France counted on US to counteract propaganda in UN against colonial powers.

Hare observed French statement interesting and reassuring and reiterated US interest in what colonial powers were accomplishing in Africa. As companion piece to French statement of views, he then enumerated tripartite recommendations of D–4.[3]

Wright expressed appreciation of clear French and US statements and asked Cohen to give UK views. Latter stated that UK was in general agreement with broad outlines of French and US statements and all three governments seemed to be thinking along same lines. While differing in method, British and French have been coming closer together in their colonial policy since war. There is fine cooperation between their respective colonial ministries and administrations, particularly in West Africa. Multipower Technical Committee for Africa [4] was important field of collaboration. He emphasized that US was kept informed in order that it might have understanding of British policy. Our support in international bodies was sought, and cooperation in discouraging extremists.

Cohen offered to table short UK statement if desired.

Wright recalled that we had been considering colonies particularly Africa, in especial context of overall picture in trying to build up strength and unity of free world. We had come closer to alignment of thought than ever before, and he stressed that we cannot afford any major disagreements anywhere.

He then proposed that statements made be attached to records of discussion. This was agreed.[5] When French suggested that public statement might be prepared for ministers, British observed that this

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[2] *Ante*, p. 948.

[3] Regarding document FM D D–4 under reference here, see footnote 2, p. 949.

[4] The reference here is presumably to the Commission for Technical Cooperation in Africa South of the Sahara (C.C.T.A.) which was established by the Governments of Belgium, France, Portugal, the Union of South Africa, Southern Rhodesia, and the United Kingdom at a meeting in Paris in January 1950.

[5] The French, U.S., and British statements on Africa under reference here were included as annexes to the Report of Subcommittee D, document MIN/TRI/P/21, May 9, p. 1093.

would be difficult in view possible misunderstanding of Belgium and Portugual and existence other British colonies outside Africa.

Hare remarked what we had specifically in mind was to express ideas which we had on Africa and test them against experience of British and French. Having found in doing so that there was wide area of agreement among us, it would accomplish what we had in mind if this fact were passed on to foreign ministers and confirmed by them. We had not been thinking in terms of public declaration. Although prepared to consider, could foresee obvious difficulty in view of fact that our position not similar to that of UK and France and administering powers in Africa. It was decided not to pursue matter in subcommittee but leave it up to consideration three delegations. Discussion ended on note of doubt advisability making such declaration this time.[6]

Sent Department Secto 165; repeated Paris 765.

[JESSUP]

[6] No public statement of the sort discussed here was issued by the meetings of the Foreign Ministers.

Talks of the United States and the United Kingdom on Closer Association: The Work of Subcommittee P

Editorial Note

During the afternoon of May 3 Jessup was received by King George VI at Buckingham Palace. In the course of their interview Jessup reviewed the diplomacy of the Berlin blockade, his trip to the Far East, and the course of the discussions in London up to that point. Later that afternoon Jessup called at No. 10 Downing Street and discussed with Prime Minister Attlee the British Parliamentary situation, Indian-Pakistani relations, the situation in China, and the attacks that were being made on Secretary Acheson in the United States. Memoranda of these conversations, neither printed, are in file 396.1 LO/5–350.

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—7 p. m.

Secto 109. After withdrawal of Jebb draft on UK relationship to Western Europe (Secto 25[1]) general subject referred to US–UK

[1] Not printed; it reported that a British draft minute, which had been submitted to the United States Delegation during the morning of April 27, had been withdrawn that afternoon because the British felt it was "hastily written and was possibly not a fair reflection of real views." (CFM Files: Lot M–88: Box 151: Secto Cables)

bilateral sub-committee which has been considering various points of difference between US and UK, primarily in economic field (see Secto 108 [2]).

Following is text working paper on UK relationship to Western Europe which we circulated to sub-committee this morning.[3] On basis quick reading British agreed to consider further and produce written comments. We indicated in particular our hope they would not only make clear their views on present limitations on closer cooperation with Europe, but also ways in which broader North Atlantic framework might facilitate their playing larger role in Europe. Sub-committee is meeting again Friday morning to agree as much of paper as possible and to point up areas where disagreement exists.[4]

Begin. "Since the end of the war, the Western European countries have tended increasingly to work together to solve their economic problems. Underlying the ERP was the concept that through joint efforts, self-help and mutual aid much could be done to make Europe prosperous and strong. The OEEC has made impressive progress in bringing about mutual appraisal of individual economic plans and in futhering a concerted approach to common problems.

2. It is desirable to continue this cooperative approach. If there were no problem of Germany and no Soviet threat, existing arrangements might suffice for this purpose. Given the urgency of orienting the German economy westward and the increasing intensity of the Soviet offensive, however, even greater cooperation is a necessity.

3. In any system of Western European cooperation the leadership of the United Kingdom is essential. It is essential not only because of her dominant economic position, but also for a whole range of less tangible reasons which are implicitly recognized by most of the Western European countries. Furthermore, for various reasons, partly economic and partly political, only the United Kingdom in Western Europe can provide the necessary counterweight to a reviving Germany.

4. There has been apparent an uncertainty in British leadership on the Continent and charges, partly from the European countries and partly from the United States, that the United Kingdom has been 'dragging its feet' in moving toward greater unity with the Continent.

5. We believe this stems from two principal causes: in part, from an uncertainty as to what the United States means by 'integration' and an uncertainty as to whether or not the United States is endeavoring 'to push' the United Kingdom into full union with the Continent; and in part from an unwillingness on the part of the United Kingdom to subject its domestic economy to the impact which would result from greater freedom of movement of goods, capital and persons within the Western European area generally.

6. We recognize that the United Kingdom has responsibilities to the commonwealth and in other areas as well as to the Continent, and that there is a point beyond which their 'integration' with the Con-

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[2] *Infra.*

[3] Another record of this meeting, held at 11:30 a. m. in Sir Roger Makins' office, is in the CFM Files: Lot M–88: Box 150: UK Current Problems.

[4] For a report on this meeting, see Secto 164, May 5, p. 964.

tinent will adversely affect their ties with other areas to an extent which, in the light of our common objectives, would be undesirable. The question of the point at which action taken by the United Kingdom in this respect to Europe prejudices other common objectives cannot be answered in advance. It can only be answered on a case by case basis as specific questions arise. Because no firm line can be drawn in advance, the problem will be a continuing source of irritation, but it is an inevitable one.

7. On the other hand, we believe that the emphasis which has been placed on the necessity for a further 'integration' of the European market is fundamentally correct and that it is necessary to press forward as rapidly as possible with the removal of trade, payments, and other restrictions to the free movement of goods, people and capital within the OEEC area. We believe that the pressures of a substantially free market will lead to the most efficient use of European resources and we do not believe that Europe can afford anything less than the most efficient use of its resources. Although we do not believe that the European countries, at the moment, could stand full competition with the dollar area, we do believe that the economies of the Continental European countries and the United Kingdom could stand increased competition from their neighbors; and that they must have this competition, if they are to make the necessary adjustments. We also believe the removal of barriers within Europe is a necessary first step to the achievement of a world-wide multilateral convertible trading system which has always been a basic economic objective. Another fundamental reason for proceeding as rapidly as possible with the program of economic 'integration', as it has taken shape in recent discussions in the OEEC, is to strengthen German ties with the West through joint consideration of mutual economic problems and to open up trade channels so that the reviving German industry can find outlets in the West so that German resources can contribute to the strength of the West.

8. We recognize that the strengthening of Western Europe economically requires action, apart from direct assistance, on the part of the United States and that European cooperative action alone will not be sufficient. We believe, however, that such European action is a necessary element in the building of a strong North Atlantic system."

Sent Dept Secto 109, rptd Paris 725.

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET LONDON, May 3, 1950—7 p. m.

Secto 108. Reference UKUS/P/6 May 3, 1950.[1] Below is memorandum covering items 3 and 4 of the agenda.[2] If approved by plenary bipartite meeting, plan is to submit it to ministers:

"United States–United Kingdom economic relations.

[1] UKUS/P/6 is the designation given to this paper in the records of the conference.

[2] For a copy of the agenda, see telegram 1731, April 17, p. 835.

Joint memorandum by the United States and United Kingdom official representatives.

In the course of the bipartite official discussions we have reviewed the economic relations of our two countries. Issues of current policy at present under discussion in the continuing tripartite consultations in Washington and in Paris were not discussed in detail, and were touched upon only insofar as they illustrated the general problems with which we were concerned. It was felt that it might be of use briefly to summarise the considerations which emerged from this review, and thus attempt to set in perspective the main points on which differences of outlook and emphasis exist between us.

2. Both sides were in accord that, while agreement on ultimate economic objectives exists, most of the major difficulties between the two countries since the war appear to stem from financial or economic issues. They were disturbed, however, that a divergence of approach on many specific issues had cast doubt from time to time upon the identity of these objectives.

3. It was with satisfaction, therefore, that we were able to confirm our agreement that the ultimate economic objectives of both sides were to maximise world levels of trade and standards of living, and that essential to this end were the convertibility of sterling and the end of discriminatory trade practices.

4. We have to recognize, however, that we are not in full agreement on the steps by which, and the pace at which these objectives can be attained. This means that on many specific issues of current and future policy we will not easily find accord, and our mutual long-term interests may seem to each side, and indeed may in fact be, seriously impaired.

5. Perhaps the most fundamental divergence is on the question of sterling area viability. This is the dominating factor in current United Kingdom thought and planning, not, indeed, as an end in itself, but as the essential condition of achieving convertibility and non-discrimination. It is based on the belief that, while the situation is improving, serious structural disequilibrium persists between the dollar and non-dollar worlds, and that, until it is eliminated, drastic steps towards freeing trade and payments would only imperil the achievement of the long-term objectives. Moreover, the United Kingdom believes that for political and psychological, as well as economic reasons, it is desirable in the interests of both countries that the United Kingdom should stand on its own feet at the earliest possible moment. The United States, on the other hand, while accepting in principle the need to assist in strengthening the sterling area position in this way, tends to feel that the United Kingdom takes too narrow a view of the importance of achieving a balance on the short-term, and differ in their assessment of the risks involved in taking some tangible steps in the near future towards the ultimate objectives. They feel, further, that by adopting an unduly cautious and rigid attitude on short-term issues, the United Kingdom makes more difficult the realization of long-term objectives; it also gives rise to public reactions in the United States which adversely affect United States–United Kingdom relations. (The current oil issue is perhaps a case in point.)

6. Similarly, each side believes that the other tends to underestimate its difficulties in making the internal adjustments necessary to correct this structural disequilibrium. We are agreed that this requires effort on both sides; on the part of the debtor countries to expand their dollar earning capacity; on the part of the United States to expand their capacity to import. It also requires a rising level of international investment. We believe, however, that there is in the United Kingdom a general tendency to ignore the political climate in the United States and to underestimate the effect on the United States of what may in some cases seem to be an unduly cautious and uncompromising approach to specific issues; the United States for their part tend to underestimate the problems for the United Kingdom presented by the increasing load on the United Kingdom economy arising from domestic and foreign obligations.

7. Finally, there are inherent doubts on both sides, confined perhaps to the subconscious in public opinion, but facts with which we must reckon nevertheless, about the underlying influences which control the policies of each side. They are to some extent irrational and misguided, but to some extent also they are fostered by specific incidents.

a. In the United Kingdom, on the one hand, there is an inherent and largely unjustifiable fear about the stability of the United States economy and employment levels, to which the distorted interpretation of the events of 1949 bear witness. There is also the feeling in the minds of United Kingdom manufacturers, which substantially limits the effectiveness of the dollar drive, that the United States market is fundamentally hostile to foreign competition as illustrated by the recent incident of the Seattle power contract.

b. On the other hand, there exists in the United States an inherent suspicion of the sincerity of the United Kingdom motives, particularly in connection with their efforts to strengthen sterling and consolidate the operation of the sterling area. The United Kingdom approach on several recent issues (*inter alia*, European 'integration', the European Payments Union, the proposed United Kingdom statement on import restrictions prepared for the recent meeting of GATT), has been liable to the interpretation in some United States quarters that their objectives were the strengthening of sterling as an end in itself. Furthermore, although the US shares with the UK the objectives of promoting high and stable levels of employment and income, there exists some concern that the relative emphasis in the UK upon immediate domestic employment policy may lead to undue reluctance to accept cooperative international obligations which will assist in promoting economic stability and advance throughout the free world and, indeed, the enduring conditions of full employment policy itself.

8. While these doubts, fears, and suspicions may be recognized as exaggerated, an act of faith is nevertheless in some degree required if the stability of the US economy is to be accepted as a factor in the planning of British policy and if the strengthening of the sterling

area is to be regarded as an element in progress towards convertibility and not as an attempt to fortify a closed soft currency system.

9. To sum up, the ability of both sides to take the internal and external steps necessary for the achievement of our agreed objectives of convertibility and nondiscrimination, is very largely determined by the readiness of each side to ease the task of the other. There has, in the past, been too little understanding of the risks involved, the differences of approach to short-term issues have interfered with our ability to progress towards these long-term objectives. The establishment of tripartite talks under the continuing arrangements in September, 1949, was a substantial step in the right direction and the frank exchange of views in Washington and in the current talks have greatly contributed to a better understanding. They have underlined, however, that there is a real difference of emphasis on short-term objectives, which will be for some time a potential source of conflict on specific issues. We conclude that constant and intensified contact will be necessary to insure that these issues are viewed and settled with the broadest possible comprehension of our mutual long-term interest." [3]

[3] In Secto 137, May 5, not printed, the United States Delegation reported that this memorandum had been approved at a U.S.–U.K. plenary on May 4 (396.1-LO/5–550). Following the deletion of the words "and largely unjustifiable" in paragraph 7*a* and "There has, in the past, been too little understanding of the risks involved, the" in paragraph 9, the memorandum was designated MIN/UKUS/P/2 and submitted to Acheson and Bevin.

London Embassy Files : Lot 59 F 59 : 320 FMC

The Ambassador in France (Bruce) to the Head of the United States Delegation at the Tripartite Preparatory Meetings (Jessup)

SECRET PARIS, May 4, 1950—7 p. m.

590. For Jessup from Bruce. Both Harriman [1] and I had similar concern in regard to the results of the Bilateral Subcommittee meeting with British reported in Secto 56 April 30.[2] However, since talking with Bohlen we understand that it is the report of an informal Subcommittee meeting which does not in any way commit the US to the positions set forth in this cable and will be subject to review on a higher level before presentation to the Secretary. With this in mind I am giving you my views as to the possible dangerous consequences which the formal adoption of the policy suggested in this cable might have on our general European policy.

1. If the special relationship on a world-wide basis implied in this cable becomes established US policy, I believe the consequences in

[1] W. Averell Harriman, Special Representative in Europe for the Economic Cooperation Administration.

[2] *Ante*, p. 890.

regard to our other partners in the Atlantic community will be extremely harmful. A special relationship of this kind, which would in effect mean that the US and UK would formulate their policies bilaterally on a world-wide basis, could not under any circumstances be concealed from other countries. I believe it would be regarded on the continent as the abandonment by the US of any serious attempt at European or even Atlantic community integration in favor of an Anglo-American world alliance as the cornerstone of US foreign policy.

2. From past experience we could be certain that the British in their dealing with other European countries would make full use of this "special relationship" in order to develop the point of view that they are in effect an intermediary between the other European countries and the US.

3. I think we should recognize that the British desire for special relationship with the US is in fact indissolubly linked with their unwillingness with respect to greater participation in European affairs and will inevitably be so interpreted by Continental European Powers.

I know from Bohlen's report that these considerations are very much in your mind in London and I am therefore sending them to you rather than to the Dep in order to avoid what might appear to be divided counsel to the Secretary. Should however the question of confirming the report of the Subcommittee as definite US policy arise before the Secretary's departure, I would appreciate your transmitting my views and in general those of Harriman to him on this point.[3]

BRUCE

[3] In telegram 752, May 5, to Paris, not printed, Jessup told Bruce that he had had these considerations in mind during the discussions with the British. He reiterated that the report was a working-level document without governmental commitment and that it would be discussed further in Paris when Secretary Acheson arrived. (London Embassy Files : Lot 59 F 59 : 320 FMC)

396.1–LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

TOP SECRET LONDON, May 4, 1950—midnight.

Secto 138. 1. Following is text of revised draft memorandum on agenda item 1 as approved US–UK plenary May 4[1] for submission to Ministers subject to British clearance paragraph 12(*d*) and stylistic as opposed substantive rewording paragraph 12(*f*). Copy has been furnished French but has not yet been approved by them.

"Top secret. Item 1. Review and agreement on common world-wide objectives in the light of assessment of the current world-wide situation.

[1] The meeting was held at 4 : 45 p. m. at the Foreign Office.

The preparatory discussions between officials of the three governments result in the following analysis of the current world-wide situation:

A. *General situation*

1. The balance of military power in the last twelve months has shifted in favor of the Soviet Union, and the present situation is one of danger. Their possession of the atomic bomb is of cardinal importance, but will not of itself become a direct military factor until the Russians acquire a stockpile. The Soviets are trying out weak spots in the Western position throughout the world, and having got possession of the atomic weapon and strengthened armaments generally, they may feel inclined to take greater risks than hitherto.

2. But the strength of the Soviet position should not be overestimated. It suffers from certain fundamental weaknesses, namely the relationship of suspicion and fear between ruler and ruled, the similar relationship with satellite governments and peoples, the problem of Stalin's succession, and the fact that the system depends on 'dynamic advance' and is liable to be endangered by any major check.

3. Among the factors which can be counted to the credit of the West over the past year are: (*a*) economic recovery in Western Europe: (*b*) the defection of Tito: (*c*) the success in Berlin: (*d*) the signature of the Atlantic Pact: (*e*) the holding of the position in Western Germany: (*f*) the development of an effective propaganda forum in the United Nations: (*g*) the fact that there has been no economic slump. Finally, it should be remembered that the Russians usually move with great caution in foreign affairs.

4. The defection of Tito may, in the general balance sheet, in the American view, largely offset the Soviet victory in China. This view is not shared by the French and United Kingdom representatives.

5. It is not thought likely that, apart from a miscalculation, the Soviets will launch a war for the next few years. The dangerous point would come when they feel they are strong enough to deliver a decisive aerial attack.

6. Since the industrial potential of the Sovict Union is considerably less than that of the West, it is unlikely that they will court a major war, but since they are becoming more confident of protecting the Soviet Union from attack, they may even in the immediate future adopt increasingly aggressive policies at key peripheral points such as Iran which the West would be obliged to accept or to counter with force, and they may now be inclined generally to take greater risks than hitherto in areas where they think the West may be likely to acquiesce in a Soviet advance.

7. Germany is the central point of the struggle between East and West and is so regarded by the Soviets. If the Soviets lose the struggle for Germany, they may lose the initiative generally, and the principle of 'dynamic advance' may come into play against them. Equally, the association of Western Germany with the Western Powers is essential to the latter and to any effective build-up of Western Europe, which is of urgent importance.

8. Southeast Asia including Burma, Indochina, and Malaya is a weak spot in the Western position. So also is Iran. Potentially dangerous situations in varying degree exist also in the Philippines, Korea, and the Indian Sub-Continent. In Greece the situation is greatly im-

proved but the strategic position of Greece is such that it must be kept under constant watch and it is vital that our control should be maintained.

9. The situation requires a determined effort by the Western countries to regain and maintain the initiative and to build up a position of strength through the maximum deployment of their joint resources.

B. *Particular situations*

10. Germany. The holding of the situation in Berlin and the establishment of the Federal German Republic constituted important gains for the West in a vital area of the struggle. The Soviet Government have, however, also made great efforts in recent months to consolidate the Communist position in Eastern Germany and to keep up the pressure on the Western Powers, particularly in Berlin. To counter this pressure and retain the initiative in Germany the Western Powers must continue to pursue energetically the policy agreed upon in Paris in November 1949 of promoting the closer association of the German Federal Republic with the West and of developing the prestige and authority of the Federal Government as the only rightful government of Germany. The difficulties and misunderstandings that have arisen with the Federal Government in recent months are symptoms of a lack of confidence in the relations between Germany and the Western Powers, which it must be the chief aim of the latter to remedy.

11. Since the end of the war, the dominant theme in the greater part of Southeast Asia has been nationalism and desire for freedom from colonial tutelage. The Communists have been to some extent successful in turning this to their advantage, for example, by assuming leadership of the Nationalist movement in Indochina. Measures already taken and still in process of institution to satisfy the aspirations of the peoples of Southeast Asia for political freedom have, however, had varying but on the whole encouraging degrees of success in allaying but not in averting the danger that the area might take common cause with the Communists against the Western world. There thus remains the danger that the area, which is of great importance to the nations of the free world strategically, politically and economically, may yet be lost as a result of internal revolts by supporters of international Communism, within the borders of the various countries. The fact that China is at present under Communist control encourages these local Communists, tends to maintain the masses in a neutral or vacillating attitude, and makes the retention of a free Southeast Asia more difficult but even more necessary.

C. *Broad common objectives*

12. In the light of the above assessment it appeared to the representatives of the three governments in the preparatory discussions that the following should be the broad common world-wide objectives:

(*a*) The Western Powers must not permit further Soviet advances in the world, by armed aggression, indirect aggression, or subversion, which would strengthen the Soviet position in contrast to the West.

(*b*) Continuing economic progress and development is essential to the holding of the Western position.

(*c*) The West must create a framework in which the maximum industrial and military strength can be deployed. This can only

be done by the combined resources of the Atlantic Pact powers acting in the interest of the whole free world.

(*d*) This involves the building of economic strength necessary to support the requisite increased defense effort and at the same time to permit improvement in standards of living, which in turn means, among needed steps, increased productivity, better use of available manpower, and where possible the development of free enterprise and convertibility of currencies.

(*e*) The Atlantic Pact must therefore be strengthened through the development of common planning for defense, coordination of policies, and concerted action for the implementation of those policies.

(*f*) The United States, United Kingdom, and France should exercise their world leadership in such manner as to take into account the aspirations of other free peoples and thereby demonstrate that the best interests of these people lie in closer association with the West. There should be close and continuous consultation among our three governments to this end.

(*g*) The West should regain and retain the psychological initiative, which means building faith in freedom into a dynamic force rather than something which is taken for granted and increasing public understanding of the nature methods and danger of the forces by which it is threatened." [2]

2. Following additional sub-paragraphs 1–*a* also approved US–UK plenary for submission to Acheson and Bevin.

"Sub *f*: With the above objectives in mind and in the light of their obligations as members of the UN there should be close understanding and cooperation between the US and the UK. It should be their aim in their common interests and for the common purposes outlined above to assist and strengthen each other.

Sub *g*: It is in the interests of the two governments that the position of France, as the leading continental power of Western Europe, should be strengthened."

[2] The first draft of this paper, TRI/P/12, dated May 3, not printed, had been circulated by Secretary-General Shuckburgh on the previous day. With the exception of paragraphs 3, 4, and 9 of part A and subparagraphs *d* and *g* of part C which were added during the bilateral plenary, TRI/P/12 is the same in substance as the revised draft transmitted in the source text. (396.1 LO/5–350) Regarding its further revision and consideration by the Foreign Ministers, see footnote 1, p. 1075.

396.1–LO/5–550 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 5, 1950—11 p. m.

Secto 164. Sixth US–UK bilateral May 5.

1. Before consideration of specific papers Jessup suggested that there be either a general statement or a statement for each paper that

bilateral agreement at the working level was without commitment on either side. This was agreed upon and it was left to secretariat to provide mechanical device to accomplish this end.

2. Report on certain aspects of items 3, 4 and 6B of US–UK bipartite agenda, bipartite paper UKUS/P/9,[1] which is revision of text transmitted in Secto 109 of May 4[3] [2] modified in light of British comments. Accepted by UK, final acceptance deferred pending clearance by USDel.

3. Report on continued consultation on and coordination of policy bipartite paper UKUS/P/5 revised [3] was further revised.

(For text see Secto 56.[4] Paragraphs 1, 2, 3 and 10 of that text had been deleted and certain minor changes had been made so that it would be in same form as other reports, numbering of paragraphs therefore also altered.)

4. Jessup suggested addition of paragraph 5*a* (between old paragraph 8 and 9) of which text reads as follows:

"It is further recognized that the close relationship between the US and the UK is not a substitute for but a foundation under closer British relations with the Continent. On the part of the US, this relationship is not antagonistic to but may indeed assist the development of closer relations with all of the Atlantic community and indeed with Europe itself."

British requested time to give further thought to proposed addition. Paper otherwise agreed to with exception of one further slight modification of wording in paragraph 4 (former paragraph 7).

5. Bipartite report by sub-committee R on item 11 of bipartite agenda on China presented.[5] Dening pointed out that not enough agreement had been found for common policy and that British would like to call attention of ministers to divergence and indicate that it was felt that they should devote fair proportion of time to this area. Jessup suggested that rewording of paragraph 3 to read as indicated below might serve purpose British had in mind:

"While on fundamentals we are in agreement, it is mutually appreciated that our immediate tactics diverge widely in regard to an important area and that this in effect prevents the two countries from obtaining unity of action which in general it is their object to attain."

It was agreed that both delegations should respectively draw attention of their ministers to this new paragraph 3. With other minor

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[1] *Infra.*
[2] *Ante*, p. 955.
[3] Not printed, but see MIN/UKUS/P/5, May 6, and footnote 3 thereto, p. 1072.
[4] Dated April 30, p. 890.
[5] Under reference here is UKUS/P/8, dated May 5, not printed; regarding the work of Subcommittee R, see pp. 990 ff.

changes which are being incorporated in text to be forwarded airmail, paper was agreed to.

6. Items 2 and 4 of ministers agenda (roles) reported on by Wright. He pointed out sub-committees had not finished their work and that summary of specific tasks would not fill in gap in our joint thinking on the subject of roles. In overall consideration of who was to do what, three points must be taken into consideration: (1) UK is bearing responsibilities which involve it all over free world. In order to be able to carry out its obligations it must have economic strength. (2) In looking at US–UK roles, obligations and responsibilities both have to fulfill must be considered together. If UK's strength is diminished UK in some cases will not be able to fulfill its responsibilities and a vacuum will be created into which Communists will move. (3) Some aspects of specific problems do not fit into review of roles. If the US cannot do certain things the UK in turn will not be able to continue to bear some of its responsibilities. Wright pointed out that these three points are not covered in any other place and that there are specific problems which have arisen and which in future will arise which should be considered in light of some such overall evaluation as indicated by his three points. It was agreed that in view of shortness of time preparation joint paper not feasible but that Wright should prepare short UK paper for submission to USDel May 6. With short paper setting forth interrelationship or [*of?*] responsibilities and body of subcommittee reports to serve as check list of specific problems, documentation for ministers on items 2 and 4 of agenda considered probably adequate.[6]

7. Decisions re publicity. Suggestions were made by USDel (1) in connection with bilateral discussions in Paris and here that two ministers involved should decide on what if anything was to be given to the press at conclusion of bilateral talks. It was likewise proposed that no regular press briefings should be held during the progress of bilateral discussions but that by ministerial agreement background info for clarification could in certain cases be given the press. (2) In connection with trilateral meetings USDel suggested that ministers should at end of each meeting decide what info could be given press and along what lines. It would then be responsibility of each delegation to see that its press officer adhered strictly to minister's decision

[6] In Secto 178, May 6, not printed, Jessup reported that Wright had made a further statement regarding roles which he insisted should be "completely off record." Wright had named the South Pacific, Near East, and Libya as three areas in which knowledge of what the United States was prepared to do would be important and perhaps decisive. These three areas were "cases where tasks to be performed or problems to be faced should be examined in light of overall interrelationship of US–UK roles and of fact that capacity of each to fulfill responsibilities was dependent on what the other was prepared to do." (396.1 LO/5–650)

on this point. Further each delegation would undertake press briefings with correspondents of its own country and it was recommended that there not be trilateral briefings for press as a whole.

8. These suggestions were agreed to with following observations by Ridsdale, head of FonOff news department: (*a*) it would be desirable to space out news as much as possible to avoid if possible a "glut of news on third day of trilateral meetings." He pointed out British Sunday papers go to press early and there are no French Sunday papers. He indicated it would be helpful if declarations and communiqués could be spaced. (*b*) He inquired whether delegations press briefings with correspondents of its own country would eliminate correspondents of other countries who usually attend FonOff news conferences. It was agreed that British delegation could deal with usual group of correspondents normally dealt with. Question of communiqué at end of "official talks tomorrow" had not been raised and it was heartily agreed that there would be no communiqué.

9. It was explained that there would not be a bipartite subcommittee report on SEA but that agreed minute from tripartite group would be used for ministerial bilaterals.[7] A short paper on Japan and on the subcontinent of India are also to be submitted.

10. Sub-committee on Near East is expected to submit agreed papers on colonial matters, Italian colonies and Near East for consideration at final US/UK bilateral May 6, p. m.[8]

11. Discussion on timetable and agenda for ministerial meetings reported in Secto 163.[9]

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[7] Regarding the work of Subcommittee C on Southeast Asia, see pp. 935 ff.
[8] Regarding the work of Subcommittee Q, see pp. 975 ff.
[9] Not printed; it reported that the United States and United Kingdom Delegations had worked out a schedule of four meetings for May 9 and 10 between Secretary Acheson and Foreign Secretary Bevin (CFM Files: Lot M–11: Box 151: Secto Cables).

Conference Files: Lot 59 D 95: CF 24

Agreed United Kingdom/United States Report[1]

TOP SECRET [LONDON, May 5, 1950.]

UKUS/P/9

THE UNITED KINGDOM RELATIONSHIP TO WESTERN EUROPE

1. Since the end of the war the Western European countries have tended increasingly to work together to solve their economic problems.

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper would be considered at the U.S.–U.K. plenary on May 5 and, if approved, would be submitted to the Foreign Ministers.

Underlying the European Recovery Program was the concept that through joint efforts, self-help, and mutual aid much could be done to make Europe prosperous and strong. The O.E.E.C. has made impressive progress in bringing about mutual appraisal of individual economic plans and in furthering a concerted approach to common problems.

2. It is desirable to continue this cooperative approach. If there were no problem of Germany and no Soviet threat, existing arrangements might suffice for this purpose. Given the urgency of orienting the German economy westward and the increasing intensity of the Soviet offensive, however, even greater cooperation is a necessity.

3. In any system of Western European cooperation, the leadership of the United Kingdom is essential. It is essential not only because of her dominant economic position, but also for a whole range of less tangible reasons which are implicitly recognized by most of the Western European countries. Furthermore, for various reasons, partly economic and partly political, only the United Kingdom in Western Europe can provide the necessary counterweight to a reviving Germany.

4. The United States has felt that the United Kingdom has been unduly cautious in moving toward greater unity with the continent and that it has not at times exercised the required leadership. The United States believes this caution stems from two principal causes: in part, from an uncertainty as to what the United States means by "integration" and an uncertainty as to whether or not the United States is endeavouring "to push" the United Kingdom into full union with the continent; and in part from an unwillingness on the part of the United Kingdom to subject its domestic economy to the impact which would result from greater freedom of movement of goods, capital, and persons within the Western European area generally. The United Kingdom, on the other hand, while recognizing that they have from time to time been regarded as "dragging their feet", feel that the very fact of their leadership has made it necessary for them to exercise particular caution in sponsoring or encouraging proposals where it is feared that they are likely to fail of their purpose or to be found impracticable.

5. The United Kingdom has responsibilities to the Commonwealth and in other areas as well as to the continent, and there is a point beyond which their "integration" with the continent will adversely affect these ties with other areas to an extent which in the light of our common objectives would be undesirable. The question of the point at which action taken by the United Kingdom with respect to Europe prejudices other common objectives cannot be answered in advance.

It can only be answered on a case-by-case basis as specific questions arise. Because no firm line can be drawn in advance, the problem will be a continuing source of irritation, but it is an inevitable one.

6. Another source of misunderstanding between us with respect to the United Kingdom's relationship to Europe stems from the essential differences between the United Kingdom and the United States on the relative priority to be given to internal stability on the one hand and to the liberalization of trade and payments on the other. This fundamental difference in emphasis is brought out in some detail in paper [blank]. The United States believes that the emphasis which has been placed on the necessity for further integration of the European market is fundamentally correct, and that it is necessary to press forward as rapidly as possible with the removal of trade, payments, and other restrictions to the free movement of goods, peoples, and capital within the OEEC area. The United States believes that the pressures of a substantially free market will lead to the most efficient use of European resources and the United States does not believe that Europe can afford anything less than the most efficient use of its resources. Although the United States does not believe that the European countries, at the moment, could stand full competition with the dollar area, it does believe that the economies of the continental European countries and the United Kingdom could stand increased competition from their neighbours; and that they must have this competition, if they are to make the necessary adjustments. The United States also believes the removal of barriers within Europe is a step to the achievement of a world-wide multilateral convertible trading system which has always been a basic economic objective. The United Kingdom, while generally sharing these views as to the desirability of removing barriers within Europe, feels that the primary importance on political as well as economic grounds of the maintenance of high and stable levels of employment throughout the Western democracies limits the pace at which progress can be made in this direction.

7. Both countries agree that a fundamental reason for proceeding as rapidly as possible with the programme for closer economic cooperation as it has taken shape in recent discussions in the O.E.E.C. is to strengthen German ties with the West, both through the joint consideration of mutual economic problems and by the opening up of trade channels so that the reviving Germany can find in the West both a source of supplies and an outlet for its products and so that German resources can contribute to the strength of the West.

8. The strengthening of Western Europe economically requires action apart from direct assistance on the part of the United States. However, both the United States and the United Kingdom agree

that although European cooperative action alone is not sufficient, it is an essential element in the building of a strong North Atlantic system.[2]

[2] This paper was approved at the seventh U.S.–U.K. bilateral meeting on May 6 and, with the addition of MIN/UKUS/P/2 in the blank in paragraph 6, was submitted to Bevin and Acheson as MIN/UKUS/P/8. For a report on the seventh bilateral meeting, see Secto 181, *infra;* regarding the further discussion of MIN/UKUS/P/8, see Secto 216, May 10, p. 1024. For the text of MIN/UKUS/P/2, see Secto 108, May 3, and footnote 3 thereto, p. 957.

396.1 LO/5–650 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 6, 1950—11 p. m.

Secto 181. Seventh US–UK bilateral May 6.

1. Bipartite paper UKUS/P/9 on certain aspects of items three, four and six B of bipartite agenda was approved. (Secto 109 and paragraph 2 Secto 164) Full revised text in separate message.[1]

2. Bipartite paper USUK/P/5 approved with new paragraph 6 reading as follows:

"It is further recognized that the close relationship between the US and UK should assist closer UK relations with Western Europe and foster the development of closer relations between all members of the Atlantic community." Subsequent paragraphs renumbered. This new paragraph 6 replaces text suggested by Jessup as paragraph 5*a* and transmitted in paragraph 4 of Secto 164.

3. Bipartite paper UKUS/P/10 submitted as agreed report by subcommittee Q on item 13 of bipartite Ministers agenda on colonial questions.[2] Paper was not discussed in detail but is to go to the Ministers as agreed report from subcommittee (Secto 128[3]). Two points raised in course of subcommittee Q discussions were briefly brought to attention of bipartite meeting: (1) desirability of referring to other areas in statement issued at close of NAT Council meeting. British stated that it might prove awkward if every time there were NAT statement something had to be said about Greece, Turkey and Iran. Hare, however, pointed out that in view of importance of role of three countries they could not be ignored. He suggested it might at least be possible to include a clause in NAT declaration as a

[1] Secto 192, May 8, not printed (CFM Files: Lot M–88: Box 151: Secto Cables).

[2] Not printed. A copy of this paper, dated May 6 and entitled "Joint United States/United Kingdom Paper on Item 13: Colonial Questions," is in Conference Files: Lot 59 D 95: CF 24.

[3] Dated May 4, p. 950.

peg on which to hang a later reference to satisfy the three countries. (2) Possible association with NAT organization of other nations mentioned but not discussed.

4. Hare also mentioned question of statement of declaration in regard to shipment of arms to the Near East and security. As question had been submitted to Bevin subcommittee could not proceed further. It was suggested that two delegations might wish give further consideration matter in light of Bevin's reply when received.

5. Short report on Japan was received from committee R. As text made no mention of Japanese peace treaty because officials not in position to discuss it, it was agreed to preface report with following statement:

"The question of the Japanese peace treaty was deferred until the arrival of Mr. Acheson. In the meantime it was agreed that . . ." Full text in separate message.[4]

6. Short paper in items 2 and 4 of Ministers' agenda (roles)[5] (see paragraph 6 Secto 164) was submitted by Wright with provisional approval of Makins and Strang. It was agreed that it was desirable that Ministers should have some such paper before them and hope was expressed that opportunity might be found for discussion of Wright paper before subject reached on Ministers agenda.

7. Wright again explained that paper on roles with body of bipartite papers from subcommittees to serve as check list could be regarded as setting forth common objectives which could be reviewed jointly from time to time by Ministers. Purpose would be to see how far policies were being carried out and how well common objectives stood up.

8. Hare indicated that there was one further report to be submitted by subcommittee R on the Indian subcontinent.

9. It was agreed that delegations should have bilateral meetings next week if there were papers to be cleared or it was felt discussions might be useful.

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[4] Transmitted in Secto 191, May 8, not printed, this report read:

"The question of the Japanese Peace Treaty was deferred until the arrival of Mr. Acheson. In the meantime it was agreed that:

"(I) The fundamental problem is to ensure that Japan is not drawn into the Soviet orbit.

"(II) Time is not on the side of the democratic powers. As time passes it becomes more difficult to achieve a solution on the lines best calculated to safeguard the interests of the democratic powers, and the problem is, therefore, one of urgency.

"(III) There should be joint Anglo-American study and consultation about the future of Japan's foreign trade, with particular reference to the political and economic implications of the restoration of Japan's trade with (*a*) China and (*b*) Southeast Asia." (396.1 LO/5–850)

[5] The paper under reference has not been found in Department of State files.

London Embassy Files : Lot 59 F 59 : 320 FMC

The Ambassador in the United Kingdom (Douglas) to the Embassy in France

SECRET PRIORITY LONDON, May 7, 1950—8 p. m.

791. For the Secretary, Bruce, Harriman, Jessup, Perkins, and Bohlen.

1. I am taking this occasion to comment on Bruce's cable to Jessup (Paris Embtel 590 to London May 4 and Jessup's reply London Embtel 752 to Paris [1]). This is not intended to be a full discussion of the issue which these cables raise. It is merely a brief summary of what appear to be inescapable facts and conclusions that flow from them.

2. There are it seems to me, two issues. The first issue is whether there is in fact a peculiar relationship which exists between the US and the UK. The second is whether, assuming that such a peculiar relationship does exist, we shld disclose our realization of this relationship to the British, and if so, the extent to which it should be disclosed and, by agreement, used as a basis of combined foreign policy.

(*a*) Dealing with the first issue—there is no country on earth whose interests are so wrapped around the world as the UK. Among her Crown Colonies she is in more vitally strategic areas than any other nation among the community of Western nations. She is the center of a great commonwealth. The US enjoys the benefits of being a neighbor to the most important member of this Commonwealth whose relationships with the UK can no more be disguised or eliminated at the moment, or in the immediate future, than can the relationship between the Hawaiian Islands and the US. She is the center of the sterling area in which a particular monetary unit known as the pound circulates and enjoys common usage as a common medium of exchange. This area is held together not alone by the circulation of an identical currency or other currencies easily convertible into it. It is held together also by an intricate and complicated system of commercial and financial arrangements built up tediously by the British with the natives and the Colonials of this vast area throughout the course of 300 years. There is no substitute for the sterling area and none can be erected in any short period of time. But beyond all of these considerations the UK is the only Power, in addition to ourselves, west of the Iron Curtain capable of wielding substantial military strength. This assembly of facts, though some may disagree with a few of them, makes a special relationship between the US and the UK as inescapable

[1] Telegram 590, p. 960; telegram 752 not printed, but see footnote 3, p. 961.

as the facts themselves. And no amount of dialectical argument can erase either the facts or the conclusion.

(*b*) The above does not imply that a special relationship between the US and UK is necessarily exclusive of, or precludes, special arrangements with other countries, or excludes or prohibits the inclusion of other countries in any peculiar arrangements which, on more than a bilateral basis with the UK, may be made. I suggest that there are certain areas in respect of which the peculiar US–UK relationship shld be expressed in terms of bilateral arrangements. There is for example the Near East. There is sub-Asia and there are Crown Colonies of Africa. Some of these areas, because of their remoteness from other Powers and because of our intimate concern with them, belong naturally among the category of areas susceptible to treatment by US–UK arrangements. There are other areas which may best be dealt with by a broader multilateral policy toward Colonial areas. There are certain financial and economic relations which are peculiar to the US and UK but which, because they bear also a relationship to other Powers, lend themselves not only in the first instance to US–UK discussion and negotiation, but also to multilateral consideration. There are certain military questions, certain matters of defense which are peculiar to the US and UK. Thus as a matter of practical international politics we must acknowledge the existence of a special relationship between the UK and the Commonwealth on one hand and ourselves on the other.

3. To what extent shld this peculiar relationship be admitted to the British as a basis for policy? The great danger of a too extensive acknowledgement of our peculiar association is that this Govt, or indeed any British Govt, while Britain is in straitened circumstances, might lean too heavily upon us in order (*a*) to perpetuate the protectionist program which the present Govt considers to be essential, or (*b*) to relieve a strain to which UK resources might be put. There is too the danger that an indiscreet and too extensive acceptance of this relationship in dealing with some specific questions in advance of, or without appropriate preparatory explanations to, some of the Continental Powers might give rise to the view that a US–UK alliance was, by design being substituted for the North Atlantic community. Therefore a certain amount of caution in acknowledging the existence of the relationship, and a certain amount of discretion in dealing with specific questions which arise out of this special relationship are required. But to say that in the face of UK's and the Commonwealth's interests all over the world, and US interests all over the world, we shld not recognize a special relationship solely because it might possibly interfere with the smooth working of the North Atlantic community, however important this community is to the world, is to ignore, it seems to me, the fundamental position of both

the UK and the US in all quarters of the globe. The issue is not whether we shld deny this relationship but rather how to acknowledge it without injuring the N.A. community.

4. It may be that the British will use a too extensive acknowledgement of this relationship by us for the purpose of establishing, or attempting to establish, her position as an intermediary between the US and the Continent. If she wld become a good intermediary and exert the sort of leadership we want, what harm wld this do? In fact our major criticism of HM Govt has been that she has not exerted leadership on the Continent and has in fact refused to be an American intermediary. The issue is not whether the UK wld attempt to be Mr. Bones in a minstrel show but whether the UK wld be a good Mr. Bones. Throughout our discussions of this subject everyone I believe has agreed to the proposition that there cannot be any substantial progress toward a closer association of European nations either in an economic or political sense without UK leadership, participation where it is compatible with UK's other relationships, and active encouragement in matters in which, because of other obligations, the UK cannot become a participant.

5. I dissent from the view expressed in the third paragraph of the subject cable from Paris. I do not believe that the principal reason the UK desires a special relationship with the US is to avoid, as this paragraph implies, greater participation in European affairs. Surely the UK did not ask us to assume responsibilities in Greece, which we accepted because of a peculiar relationship with the UK, for the reason that she wanted to avoid a more intimate participation in European affairs. The Marshall Plan had not even then been launched upon an unwitting world. Surely the UK didn't press us to buy raw materials from her Crown Colonies and from the members of the Commonwealth in 1949 because she wanted thereby to establish a closer relationship with us which wld enable her to avoid a more cozy association with European countries.

I do not for a moment imply that the UK's desire to have a special relationship with the US is as pure as Castile Soap and as clean as Snow White. Her motives are often no worse than ours, and no better, but I do not agree with the view that the primary reason which moves her to attempt to establish a special US–UK relationship is because of her unwillingness to join in molding a more closely knit Western Europe. Her principal motive is to buy insurance.

DOUGLAS

Talks of the United States and the United Kingdom on the Near East: The Work of Subcommittee Q

396.1-LO/5-250 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 2, 1950—noon.

Secto 75. From Jessup. First meeting subcommittee on Near East took place yesterday afternoon with Wright, Furlonge, Evans, Sheringham for UK and Hare, Palmer, and Utter for US.[1]

Wright opened meeting by referring international situation as developed previously in conferences with Jessup. He then referred to US–UK conferences in 1947 and 1949 which had accomplished for NE area what current talks designed develop for all geographic areas. He assumed basic objectives set forth during those conferences still obtain and Hare confirmed they did.

Wright then passed to number specific problems which UK thought might constructively be discussed during course current bilateral conversations. These points, not all of which on agenda and on some of which British thinking obviously undeveloped, may be summarized as follows:

1. Iran, which UK considers one of soft spots in defense against Communist expansion in NE and which may constitute increasing temptation to USSR.

2. Turkey, to which UK has been giving much consideration. Foreign Office consider Turkey as solid and fighting country and has given much thought question whether anything additional might be done to buttress situation there. Turks have been informing UK that they would like regional agreement and they hoped that US and UK may be able to do more to consolidate Turkish position. For its part, UK has been wondering whether it might be worthwhile consider associating both Turkey and Egypt in some sort Eastern Mediterranean defense arrangement. Wright understood consideration which made it difficult for US to associate itself in such arrangement and then launched into rather rambling discourse on possible other forms NE pacts, such as (*a*) one in which Australia, New Zealand, and South Africa might participate; (*b*) defense arrangement, without political commitments which might take form either of defense committee including some or all of NE countries, which would study with UK

[1] Geoffrey W. Furlonge, Head of the Eastern Department; Trefor E. Evans, Joint Secretary of the Middle East (Official) Committee; Joseph Palmer II, Second Secretary of the United States Embassy in the United Kingdom; John E. Utter, Second Secretary at the United States Embassy in France and Assistant to Assistant Secretary Hare during the preliminary meetings.

and US what would be done in event of war, or alternatively, association of some or all NE countries with some organ of NAT.

Hare stated that we had not come prepared to discuss Turkey which is not on agenda but would be glad consider any ideas UK might have. With regard regional pact, we have felt our commitments in Europe of such nature and scope that we can't be sure at this point what they will add up to. We have been approached frequently by both Greeks and Turks, but our policy of not taking on any additional commitments at this time remains constant. Turkey had also raised question of possible interlocking effect of tripartite Anglo-French-Turkish agreement with NAT, but it was our feeling that the relation between these pacts not sufficiently clear to draw any conclusions in principle but rather that any possible related application would depend upon specific circumstances as they arose. Re defense arrangement along lines (*b*) above, we have taken line we do not see how staff talks could be undertaken seriously and constructively without prior political agreement.

Wright replied UK had been proceeding on same assumption, but he wondered whether we should not look at question again. He felt we must find some means of associating certain countries with NAT as we wish to avoid giving impression exclusive character NAT. He had no specific suggestions to make with regard this problem as applied NE but he thought it was something we might profitably look into during course next few days in connection with any statement on NAT which might emanate from conference. Hare agreed re undesirability of giving impression exclusive character NAT and observed question arose not only re NE but other areas such as South Asia. He suggested this was matter on which might be brought attention those responsible for NAT negotiations.

3. Palestine. Wright observed there were several questions which might be discussed, including the supply of arms and a reassuring statement with reference security area. UK representatives in field expressed doubt regarding possibility any stable arrangement in area without UK–US guarantee of frontiers. There was also question of *status quo* in area and whether any change would result in stability.

Hare stated that we particularly wished discuss these subjects. With regard to arms question, we would like to assure ourselves both US and UK are proceeding from same premises in their consideration of this problem. This question not only important from point of view future peace and stability of area, but delicate from public relations angle. Particularly we wish to inquire whether our analysis to effect that trend in NE away from war and toward peace is in conformity British estimate and also to assure ourselves that British shipments of arms to NE, particularly to Egypt, were clearly directed to fostering security of area.

Wright replied UK view chances of resumption hostilities in NE as remote in foreseeable future. He discounted military capabilities any Arab state. While intentions present government of Israel not

aggressive he thought influence of extremist elements, pressure generated by unrestricted immigration and economic unviability of Israel combined to make more likely possibility Israeli expansion than Arab aggression. Nevertheless, he saw no danger in foreseeable future. Regardless of potentialities, it was important recognize mutual fears and suspicions prevailed on both sides.

Hare agreed that question of fear was important factor and stated that we had two specific suggestions to make to assist allaying those fears: (*a*) address statement to arms question itself (which he outlined along lines contained D–2 [2]) and (*b*) general reassuring statement along lines D–3.[3]

Wright seemed generally interested in and receptive to these suggestions, but in discussion that followed other members of Foreign Office raised series of objections and doubts including following:

They doubt desirability of French participation, stating that French influence in area at low ebb and that their participation would have weakening effect. Wright inquired whether we were irrevocably decided on tripartite declaration and whether choice is between this and no declaration at all. Hare replied his instructions call for tripartite statement but for discussion question with French only after prior conversations with UK. If Foreign Office opposed French participation, we would like have their reasons. Wright observed if French not included it would be necessary delay issuance statement until after conference in deference French sensibilities.

Statement, as presently worded in our draft, might be interpreted as freezing *status quo* in NE. Some members of UK staff felt that some territorial change in NE inevitable and that use of force inherent in situation, mentioning specifically possible succession difficulties in

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[2] FM D D–2, "Arms Shipments to Arab States and Israel," dated April 3, not printed, recommended that the United States suggest to the French—an exchange of information on arms shipments, to the British—that they review their arms program for Egypt, and trilaterally—"(*a*) French and British statements that they are keeping close watch on the Palestine situation, and (*b*) that US, UK and France obtain formal assurances from Near Eastern countries that arms shipped will not be used for aggressive purposes." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series) A second draft of this paper, FM D D–2*a*, dated April 20, recommended the same suggestions (CFM Files, *ibid.*).

[3] The declaration in FM D D–3, "Near Eastern Security," dated April 24, not printed, read:

"The Government of ———, deeply interested in the establishment and maintenance of peace and stability in the Near East, reaffirms its policy of constant support of the political independence and territorial integrity of the states in that area. It continues unalterably opposed to the violation of the frontiers of states through external force. The Government of ———, should it receive reliable information that any Near Eastern state was preparing to violate existing frontiers or armistice lines, would take most immediate action, both within and without the United Nations, to prevent such violations." (CFM Files, *ibid.*)

A second draft of this paper, FM D D–3*a*, dated April 28, not printed, contains a similar declaration (CFM Files, *ibid.*).

Jordan and Saudi Arabia. Hare took strong exception this attitude arguing that its acceptance would constitute turning clock back in resolution of problems in Arab world. We stressed effort being made in UN and otherwise to develop concept peaceful and orderly solution of international difficulties. He mentioned as example US attitude on Iraqi-Syrian union.[4] We don't oppose change per se but feel it should be by orderly process.

Wright stated these questions not being raised because UK disagreed with principle of suggestions but merely to bring out some of the problems inherent in situation and which they thought we should consider before deciding issue of such statement. He said Foreign Office representatives would consider our suggestions which would be taken up at subsequent meetings.

Regarding British policy of withholding arms shipments to Israel, Wright said British chiefs-of-staff and Foreign Office sympathetic to idea of making appropriate sales of arms but it had been found inadvisable thus far to modify policy due primarily special British relation with certain Arab countries. Here again Wright seemed more open-minded on this subject than his colleagues who could see only adverse considerations in any relaxation of present policy. Wright said that British were particularly concerned re shipment of potent items such as jets and tanks which he said were what Israel really wanted. We asked whether relaxation which would indicate British impartiality would be helpful and observed would be extremely undesirable to be placed in position of British being regarded as purveyors to Arabs and US to Israel. Wright agreed wholeheartedly.

Some Foreign Office representatives also took attitude that any type of declaration or statement valueless since would not be credited by either Arabs or Israel. Hare took position that if this defeatist policy were accepted, there was no hope for stability in NE. It was true that words not backed by intentions would be valueless, but if UK and US really made up their minds and could take firm stand, none of NE states would be likely to flaunt it.

Following is summary of foregoing:

1. Both sides reaffirmed basic points on which agreed 1947 and 1949.
2. Both sides agreed possibility counteract impression which might be created in NE and also other areas regarding exclusive character of NAT.

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[4] The United States attitude on an Iraqi-Syrian union was set forth in FM D D–12, dated April 25, not printed, which recommended that the Western states should allow the situation to develop without interference, but they should state their "opposition to any attempt to prevent the two countries from making their own decision." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

3. UK would study our suggestions re recommendations D–2 and D–3 including question French participation.

4. UK felt it would be desirable to study possibility some form NEA regional arrangement. We said we would be glad to have any ideas they may have regarding this suggestion.

Group will consider Saudi Arabia and PRA tomorrow morning and Egypt, Libya, and Eritrea afternoon.

Would appreciate receiving soonest information re proposed action Iran, since British desire discuss as matter of urgency.

[JESSUP]

396.1–LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET

LONDON, May 3, 1950—2 p. m.

Secto 98. From Jessup. Second meeting Subcommittee on Near East took place yesterday morning with same participants as yesterday [May 1] (Secto 75).[1] Meeting covered following points:

1. Regional arrangements. Wright reverted question examination possible alternative forms of regional arrangement which had occupied group yesterday at British initiative. Specifically, he said UK had been examining idea of getting Near East countries themselves to make statement along lines of NAT. Wright admitted FonOff did not really feel such arrangement feasible for NE and then reverted suggestion made at yesterday's meeting regarding statement which would give some reassurance to NE and perhaps other areas as well re nonexclusive nature NAT. We again suggested this was far-reaching question with implications extending beyond NE and that we felt it should be discussed with those responsible for NAT negotiations.

2. Arms and stability. Group reverted questions of arms shipments and reassuring statement re security area. Wright stated FonOff had considered on working level points which we had made yesterday. FonOff representatives then developed following points:

a. In considering arms shipment we need firm facts. UK chiefs of staff have recently made survey of relative strengths of NE states. It might be useful for US and UK to consider common arms policy and to transform present UK study into joint study, pooling information re present arms on hand and current applications. This would be reviewed periodically and would enable us assess rather wild statements being made by both sides.

[1] The meeting took place at 10:30 a. m. on May 2, in the India Office.

b. Re our suggested statement on obtaining assurances from NE states (paragraph A 2, recommendations D 2 *a*[2]) FonOff wondered whether this could be adopted and carried further by adding that US and UK (and perhaps France) had decided institute joint consultations re arms applications and would issue arms to countries in accordance their needs.

Hare questioned feasibility foregoing, pointing out UK has treaty arrangements with number of states in area. He wondered whether we both could work from identical pattern. While we desire exchange information and may in practice consult jointly, he questioned advisability saying so publicly and thereby place ourselves in position where we publicly either had uphold or disapprove action of other. UK group, on Wright's suggestion, produced draft statement embodying following elements: paragraph A 2 of recommendations D 2 *a;* paragraphs *a* and *b* above; and recommendation one of D 3.[3] After considering this draft, it was agreed delete section containing suggestion re exchange information and joint consultation. Resulting draft declaration being telegraphed separately and we would appreciate Department's comments.[4] FonOff is sending text to UK chiefs of mission in NE for their comments on substance, timing and question French participation. We suggest Department may wish take similar action.

In group's consideration of question of obtaining assurances from each NE state that it would not undertake aggression against any other state, FonOff representatives felt it might be preferable for UK obtain renewed assurances from each state immediately and then note fact in joint declaration that such assurances had been obtained. Hare pointed out that while we did not wish to be against virtue, nevertheless he thought that certain undesirable speculation

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[2] Paragraph A2 of the recommendations of FM D D–2*a* read:

"2. He [Secretary Acheson] might also suggest to Messrs. Schuman and Bevin that the US, UK and France make public declarations that they will not permit the shipment of arms to any Near Eastern country unless the purchasing country gives to the supplying country formal assurances to undertake no aggression against any other Near Eastern state." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

[3] Recommendation 1 of FM D D–3 suggested that the Foreign Ministers make separate statements conforming to the draft declaration quoted in footnote 3, p. 977.

[4] The draft under reference was sent in Secto 106, May 3 (5 p. m.), not printed, and the Department of State informed the Delegation on May 4 in Tosec 93, not printed, that its preliminary reaction to the declaration was favorable although it would have preferred stronger language on maintaining the peace and stability of the Near East (CFM Files: Lot M–88: Box 151: Secto and Tosec Cables).

might result among Arabs if UK suddenly made simultaneous approaches at this time all Arab state capitals in endeavor obtain such assurances. There would be suspicions UK motives, and subsequent joint action UK, US and possibly France might be prejudiced. Moreover, there might be difficulty obtaining such assurances from states to which UK has no present plans for shipping arms. On further reflection, Wright felt it would be preferable for FonOff consider obtaining assurances at present time from Iraq, Jordan and Egypt only.

3. PRA. Hare emphasized our concern re current situation and outlined our case along lines D16*b*.[5] Wright indicated appreciation and agreement considerations which we had brought out. He felt this was matter on which Secretary should speak to Bevin and Schuman.

In subsequent discussion, group felt whole question of PRA contributions was one which might also be discussed other members NAT council during forthcoming meeting (Department please comment).

4. Saudi Arabia. Hare outlined our attitude re SA–Persian Gulf sheikhdoms border negotiations along lines D 15.[6] FonOff "prelimi-

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[5] Not printed; it recommended that Secretary Acheson request a contribution of about $12 million from the British and $6 million from the French for the Palestine Relief Agency over a period of 18 months. Two earlier drafts of this paper, FM D D–16 and 16*a*, both dated April 17, neither printed, made the same recommendations. (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

[6] FM D D–15, dated April 25, not printed, made the following recommendations with respect to Saudi Arabia:

"1. The Delegation should point out to the British Delegation that the U.K. threat to return to the 1913–14 proposed line of demarcation appears as extreme as the Saudi Arabian claims.

"2. The Delegation should suggest to the British Delegation that a stalemate in the Persian Gulf area is not conducive to its orderly development and tranquility, and that the recent settlement of the Abu Dhabi–Dubai boundary by arbitral award sets an admirable example.

"3. The Delegation should suggest that a fact-finding investigating commission agreeable to the two governments might be able to reduce the field of differences between the Saudi Arabian Government and the United Kingdom acting on behalf of the Persian Gulf Sheikhdoms.

"4. The Delegation should also suggest that any remaining differences in the boundary problem might be resolved by means of a neutral commission of arbitration.

"5. The Delegation should suggest in a tentative and exploratory manner that it would be profitable if there were direct contact between the King and the rulers in the various Sheikhdoms with the British playing an appropriate advisory role."

A second draft of this paper, FM D D–15*b*, dated May 4, not printed, contained further elaboration on the settlement of the boundary dispute and stressed the United States support of the general British position in the Persian Gulf (CFM Files, *ibid.*).

nary reactions" to our suggestion re direct negotiations between SAG and Sheiks with UK advising latter were: (*a*) this might constitute abrogation UK special treaty re sheikhdoms; and (*b*) balance of strength in negotiations would be on Saudi side, which might not be conducive fair settlement of problem. For its part, UK considering making fresh approach to SAG shortly after issuance joint statement which group now has under consideration re stability in area (section two above). FonOff feels this statement will be reassuring to Ibn Saud re his fears of Hashemite aggression and create favorable atmosphere for resumption negotiations. At time new approach, UK proposes reply last SAG note stating that provided SAG recognizes UK right to negotiate on behalf Sheik of Abu Dhabi and Sultan of Muscat in respect areas claimed by them, UK willing enter into joint study of frontiers with SAG, discussion of boundaries of individual states being subject to overall agreement on frontiers as whole.

Hare asked whether it would be possible associate any of officials of sheikhdoms with Fact-Finding Commission and FonOff representatives thought this could possibly be done. Re recommendation 4, FonOff representatives did not feel arbitration would be of much value unless facts first established. They did not think UK would object to arbitration once facts established, provided there were elements in situation conducive to lasting settlement. Foreign Office representatives will consider recommendation 5 and give us their views at subsequent meeting.[7]

[JESSUP]

[7] For the Foreign Office's views, see Secto 290, May 17, p. 1059.

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—10 p. m.

Secto 114. Third UK–US bipartite meeting subcommittee on Near East took place yesterday afternoon[1] with same participants as in previous meetings with Allen and Edmonds[2] replacing Furlonge and Sheringham for UK.

[1] Held at 4:30 p. m. in the India Office.
[2] Roger Allen, Head of the African Department, and Cecil J. Edmonds, Minister, of the Foreign Office.

Group considered following questions:

1. *Eritrea.* UK failed produce paper and recommendations D–13 used for basis initial discussions.[3] Foreign Office representatives concurred recommendation 1 and 2, observing, however, it might be necessary modify our present position in some respects if necessary effect Italian-Ethiopian *rapprochement.* Wright emphasized importance of getting Ethiopians and Italians together as condition precedent to Italy playing role in future of Africa. Re 3, Foreign Office felt we would probably have indication re commission's report before submission to IC and that there might be advantage in endeavoring get Ethiopia and Italy together at this point in order hold conversations as far in advance of IC meeting as possible.[4] Once question gets in hands of IC, problem of working out bilateral agreement will be vastly complicated. They also felt question location conversations should be left alone until we have had opportunity examine feasibility getting two sides together before IC meeting. They agreed re 4, feeling we could endeavor obtain support our position provided there was at least minority report in favor partition or, alternatively, an Ethiopian-Italian agreement involving partition. Re 5, group thought that on basis recent reports word "unlikely" should be deleted. Foreign Office representatives agreed substance this paragraph but felt that we should both begin consider possible alternative solutions which might be acceptable in event not practical pursue our present position. They thought we might look at following suggestions: (*a*) partition but with association east Eritrea with Ethiopia on federal basis along lines suggested by US at last session GA,[5] (*b*) partition with East Eritrea placed under Ethiopian trusteeship. It was agreed set up sub-group to consider possible alternatives and also to examine question guarantees for Italian community Eritrea, which guarantees Wright emphasized would be essential to Sforza[6] in selling Italian public solution along partition.

Wright stated Stafford[7] has reported from Geneva Commission might balk in incorporation west province in Sudan and might ap-

[3] FM D D–13, dated April 18, not printed, recommended (1) that the United States and United Kingdom maintain their position on Eritrea and concert efforts to secure its adoption in the General Assembly, (2) that the Italians and Ethiopians talk directly to each other about Eritrea with United States and United Kingdom assistance, (3) that the best time for such talks would be after the Commission on Eritrea reported to the Interim Committee of the General Assembly, (4) that the United States and United Kingdom obtain support for their position on Eritrea as soon after the report is submitted as is practicable, and (5) if the Commission recommends a solution not acceptable to the United States and United Kingdom, that they should consult to determine their future course of action (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series).

[4] Further documentation on the work of the Commission on Eritrea and the problem of the former Italian colonies before the Interim Committee of the General Assembly is scheduled for publication in volume v.

[5] For documentation on the United States position on Eritrea at the fourth regular session of the General Assembly in the fall of 1949, see *Foreign Relations*, 1949, vol. II, pp. 361 ff.

[6] Count Carlo Sforza, Italian Foreign Minister.

[7] Frank E. Stafford, member of the United Kingdom Delegation to the United Nations, stationed at Geneva.

prove partition only if UK continues administer this territory. He emphasized problem which this would pose for UK, especially from financial point views. As guidance, Foreign Office has told Stafford UK would be extremely reluctant take on this commitment, but if Commission insists UK would examine question.

2. *Libya.* Hare followed line D–17.[8] Wright emphasized financial aspects along usual lines. He emphasized particularly that Pelt[9] willing go along on question strategic rights only in return for financial assistance. He had already taken this line with UK and would, presumably, raise subject with US to make it clear his cooperation in assisting US to obtain strategic requirements Tripoli would be conditional upon US rendering such financial assistance to Libya. Wright reiterated UK willing and anxious assist US in any appropriate way with Tripolitanians in obtaining our strategic requirements, but that financial assistance is key to problem. Hare took line recommendation B of D–17.

Wright recalled both US and UK have felt that most desirable form for future Libyan state would be loose federal structure. He wondered whether there had been any change in US attitude and Hare confirmed there had not.

3. *Egypt.* Wright reviewed common appreciation this problem arising from 1947 talks. Hare confirmed there had been no change our basic attitude since that time.

Wright stated UK faced at present time with 2 alternatives: (*a*) Allow treaty to run on until 1956 without making any effort get

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[8] Not printed; FM D D–17, dated April 15, recommended:

"A. If Mr. Bevin discusses the problem of securing our joint strategic requirements in Cyrenaica and Tripolitania in the process of establishing an independent Libya, it is suggested that you [Secretary Acheson] pursue the following course:

"1. Assure Mr. Bevin of continued United States support for securing British military requirements in Cyrenaica.

"2. Express satisfaction that the British Foreign Office (subject to Cabinet approval) and Mr. Pelt have been able to work out a satisfactory formula for proceeding with the constitutional development of Libya.

"3. Express confidence that the United States and United Kingdom Governments will continue to work closely together in negotiations for the establishment of an independent Libya. In the process, of course, we will concert our efforts for the conclusion of the necessary treaties with respect to British needs in Cyrenaica and United States military facilities in Tripolitania.

"B. If Mr. Bevin points out the need of Libya for financial assistance, it is suggested you mention the following:

"1. The United States plans to provide substantial Point Four assistance to Libya, particularly Tripolitania, when that program is approved by Congress.

"2. The Department is considering ways and means for providing other financial assistance for Tripolitania."

In two subsequent drafts of this paper, FM D D–17/1 and 1*a*, dated April 24 and 27, respectively, neither printed, these recommendations remained unchanged (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series).

[9] Adrian Pelt, United Nations High Commission for Libya.

longer term agreement and then face up to problem at that time; or (*b*) negotiate fresh agreement between now and 1956.

In assessing situation and determining how best proceed, UK has constantly kept 2 factors in mind. First is attitude of King,[10] who at present time is favorably disposed in principle to settlement with UK on treaty question. Second factor is character of government. Unless national (i. e. all-party coalition) government in power any agreement acceptable UK doubtful value since opposition party likely repudiate. At present time, Wafd [11] in strong position of power. Although this falls short of optimum favorable conditions, it nevertheless enhances responsibility present regime.

Last year Bevin decided tackle problem by making *ad hoc* arrangement re strategic rights which might make for more favorable atmosphere for treaty negotiations and perhaps obviate altogether necessity for treaty. Slim [12] paid visit Egypt at that time and had helpful conversations with King and Sirry Pasha.[13] King has now suggested Slim be sent out again and, although decision has been delayed by Bevin's illness latter now thinks it would be useful and will talk to Slim shortly re possibility.

In this connection British have been wondering whether it might be advisable scrap treaty altogether and have bilateral or perhaps multilateral regional arrangements along lines Wright mentioned yesterday (Secto 75). Primary objective would be some kind of *ad hoc* defense arrangement with political umbrella such as that which might be provided by associating certain states in area with certain of NAT machinery.

Meanwhile there are 2 additional outstanding UK-Egyptian problems: (*a*) Financial agreement. UK would like make long-term agreement on sterling balances and get away from present system of annual arrangements; and (*b*) Sudan. UK considering possible timetable which would provide progressively for (*a*) Government of Sudan broadening its base; (*b*) Majority of Sudanese members in Executive Council; (*c*) Withdrawal all British Government members from Council; and (*d*) Sudan eventually negotiating its own future with condominium powers, thus removing question from arena UK-Egyptian negotiations.

4. *Haifa.* Wright asked whether we thought UK alone or UK and other powers should press Iraq further on Haifa pipeline and Egypt on Suez Canal problems. He said Foreign Office had concluded that in case Iraq, no government could survive reopening pipeline. Re Egypt, UK has conflicting advice re legality Egyptian closure Canal to Haifa-bound tankers. Hare emphasized our views re Iraqi angle as

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[10] King Farouk of Egypt.

[11] The Wafd party had won 225 seats in the elections on January 13, 1950, thus obtaining a large majority in the House of Deputies.

[12] Field Marshal William J. Slim, Chief of the Imperial General Staff.

[13] Husein Sirry Pasha, Premier of Egypt before the January elections, became Chief of King Farouk's personal Cabinet in January.

set forth recommendation A (*a*) D–11.[14] Re Egyptian angle, Hare stated we maintain Egyptian action illegal but we have no suggestion, as to how to cope with situation. Wright said UK similarly has run out of ideas and is now waiting until it has reconciled legal view.

Question IPC concession was discussed accordance D–11. Wright expressed interest and desire pursue matter further.

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[14] The recommendations in FM D D–11, dated April 21, not printed, read:

"(A) If the British and/or French raise the Iraq Petroleum Company-Haifa pipeline issue, the U.S. Government should maintain its position that (*a*) in view of the existing negative Iraqi attitude, tripartite intercession should not be taken without the injection of some new element into the situation, (*b*) proposals for diversion or transfer of pipe and/or equipment to Arab territory are appropriate for company rather than tripartite decision and action. If the pipeline issue is raised, the U.S. Government should use the opportunity to state that overall Iraq Petroleum Company problems with Iraq are of more immediate concern to the U.S. Government than the pipeline problem and warrant immediate tripartite attention. Renegotiation of the IPC agreement should not be linked with the opening of the Haifa pipeline.

"(B) The U.S. Government should informally state its belief that Iraqi dissatisfaction with the benefits received from the development of the Iraq Petroleum Company concessions constitutes a source of serious instability in the Near East. The U.S. Government believes that Iraqi complaints are to a large extent justified and in view of the policy control exercised by British and French Governments over the Compagnie Française de Petroles and Anglo-Iranian Oil Company partners in the Iraq Petroleum Company, the U.S. Government should endeavor on an informal basis to obtain British and French approval for increasing the benefits realized by Iraq from the development of the Iraq Petroleum Company concessions. Iraq should be assured that (1) scheduled production increases will be accomplished, (2) minimum demands for increased royalties should be met by IPC in order to provide Iraq with increased revenues required for development purposes, and (3) increased company attention, expenditures, progress and publicity should be devoted to minimizing the miscellaneous sources of Iraqi dissatisfaction with the manner in which Iraq oil resources are being developed." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

CFM Files: Lot M–88: Box 151: Secto Cables

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 6, 1950—midnight.

Secto 186. Fourth and final US–UK Bipartite Sub-Committee meeting on Near East took place yesterday with Furlonge, Evans and Rogers for UK and Hare and Palmer for US.

Group considered following questions:

(1) Arms and stability statement. Hare inquired re present UK status. Furlonge said text had been referred various Near East posts and to Bevin, who is considering question. Meanwhile, reactions coming in from field, some of them questioning wisdom such statement.

(2) Saudi Arabia. Hare inquired whether UK had been able give any further consideration our suggestion direct negotiations between Saudi Arabia and sheikhs. Furlonge replied Foreign Office legal experts studying this suggestion.

Re UK proposal to accept SAG's suggestion for fact finding commission under circumstances and conditions set forth paragraph 4 Secto 98, British suggested joint Anglo-American approach might be made to King Ibn Saud after issuance joint Anglo-American statement welcoming the appointment of such commission, expressing hope final settlement would speedily be reached after it had reported. We said would bear in mind.

(3) Iran. Hare outlined our general appraisal of Iranian situation, as contained Section II of D–8.[1] Furlonge stated UK analysis agreed completely with ours and that he felt there was no doubt re symptoms and nature of disease. He emphasized, however, that, despite Shah's failure exercise effective leadership, there is still great loyalty on part Iranian people to institution of throne. He entirely agreed with us that our principal task in Iran should be one of bolstering morale.

Hare stated that we had been cudgeling our brains in search of some action which would catch imagination of Iranians and emphasized to them that they were not forgotten. He would like to give the British some indication of what we had in mind, even though it was still in planning state. He then outlined steps contained Section III(*a*) of D–8.[2] Having told UK representatives what we had in mind, Hare said we would want UK support and would like to have their opinion our ideas. In addition, and bearing in mind close US–UK relationship we would like to know what assistance we could look for from UK. In particular, we felt speedy conclusion of AIOC negotiations would help enormously toward solution Iran's present difficulties. We hoped very much UK will do everything in its power to bring matter to speedy conclusion. In this connection, we had understood question of reserves had been matter of contention between AIOC and Iranians and suggested UK might give special attention this aspect of problem. More generally, we would like to feel that UK as government and as participant in AIOC would fully explore ways in which present situation with regard to ratification of agreement might be loosened.

Furlonge replied Iranians had never requested specific modifications AIOC concession. It now looks as if concession may come before Majlis in next six to eight weeks. Foreign Office has been encouraging AIOC to explain provisions of concession to key people in Iranian Government, many of whom are opposed though uninformed. So far as AIOC concerned, it takes attitude government made concession and should stick by it. If Iranians approached company requesting modification, latter would obviously have to consider question, but company

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[1] FM D D–8, dated April 27, not printed (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series). In section II the paper reported that a general depression in business and farming had allowed the outlawed Tudeh Party to organize and exploit the situation. The Shah and the Iranian Government seemed unable to meet the situation or to cope with the growing crisis. In addition the Iranians felt they had taken great risks to place Iran in the Western camp and had now been left to face the Soviet threat alone.

[2] Recommendation of loans to Iran from the Export-Import Bank on economically justifiable projects in the 7-year plan, Iranian economic reforms, a mission in Iran to control the use of Export-Import Bank loans, increase in military assistance to Iran, strengthening of United States representation in Iran, and hope that the United Kingdom would pursue the negotiations between Iran and the Anglo-Iranian Oil Company (AIOC) with the aim of obtaining greater concessions for Iran.

would not want to take initiative in question. While Foreign Office agrees political considerations inherent in problem, nevertheless it seems concession should also be on fair commercial basis. UK Government glad have our comments and suggestions on this question, which it would note and consider.

Re general internal situation, Furlonge said Foreign Office feels long-term objectives should be pursued through seven year plan. In view decline morale, however, there was need for short-term measures. There are five points which UK has in mind urging Shah to take action on: (*a*) redistribution crown lands; (*b*) absentee landlordism; (*c*) interference with free trade unions; (*d*) anti-corruption campaign; (*e*) better labor legislation. If progress could be made in these fields, UK considers it would go far toward convincing peasants that Shah and government had their interests at heart. British Ambassador Tehran [3] has suggested that US and UK should consider issuing joint statement at end of conference to buttress Shah and government. After issuance statement, two Ambassadors might see Shah and express their concern re general situation, their appreciation his good intentions and urge him to take at least some of foregoing actions. This matter now being considered by Foreign Office. He thought this action could be complementary our proposed program.

Hare stated our Ambassador in Tehran [4] had made similar suggestion. He recalled series of statements on Iran, including recent joint statement by Shah and President.[5] We are a little doubtful about just another statement without being able to tie it to something of substance. For that reason we thought necessary any statement should be linked with some announcement of tangible assistance. We wondered what UK could do on its side to give ballast to statement.

Furlonge asked if ratification AIOC agreement would not help considerably. Hare replied he definitely thought it would, but ratification might not take place for some time. Was there anything else UK could do? UK representatives had no suggestions but agreed preferable statement be related to some tangible development.

Committee also briefly reviewed question economic development Near East and agreed that type of Anglo-American cooperation in this field which was worked out in 1949 should be continued.

Sent Department Secto 186, repeated Paris 786.

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[3] Sir Francis M. Shepherd.

[4] John C. Wiley.

[5] For the text of the joint statement by President Truman and the Shah of Iran, released to the press on December 30, 1949, see Department of State *Bulletin*, January 9, 1950, pp. 54–55.

396.1–LO/5–850 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Acting Secretary of State

SECRET NIACT LONDON, May 8, 1950—4 p. m.

Secto 194. At Wright's suggestion Hare and Palmer had informal discussion this morning re statement on NE arms and security. Wright

said unable make any firm observation since papers on subject in hands Bevin and no indication as yet his reaction. He said, however, comments from British missions in NE has raised certain questions particularly with reference apparent conflict between paragraph 1 of draft joint declaration (Secto 106, May 3 [1]) and British treaty commitments. Speaking personally, Wright said he had also been thinking of possibility some general statement which would cover not only Arab states and Israel but also Greece, Turkey and Iran.

Ensuing conversation covered following points re proposed declaration:

(1) Geographical scope of statement or statements.
(2) Countries participating in issuance.
(3) Content of statement or statements.
(4) Timing.

Re (1). Wright noted we had been thinking terms several types of statements re NE area, i.e., (*a*) some phraseology in NAT declaration to remove stigma of exclusivity, (*b*) statement on Iran and (*c*) statements on arms shipments and Near Eastern security or a combined statement covering both. He observed that any statement under (*a*) would probably be of such general character as not to conflict with more specific statements contemplated. He thought, however, that instead of making completely separate statements re Iran and the Arab states and Israel it might be desirable to think in terms of combining these statements and extending them to include appropriate references to Turkey and Greece. His thought was that by so doing it would be possible to make clear area security concept and thus put various subjects treated, especially arms shipments, in proper context. We said we had been thinking more in terms of separate statements directed to specific points but that we would take idea of generalization under advisement. Wright made clear that in absence some indication from Bevin he was putting this idea forward purely on informal and exploratory basis.

Re (2). Wright said that here again in absence reaction Bevin he could say nothing specific re French participation. If scope joint statement enlarged question French participation became even more problematical. British also referred here again to their special treaty commitments and trend of discussion was toward return to original US idea of separate statements conforming to extent possible to policies of countries making declaration. British indicated separate statements might remove some of their doubts re French participation.

Re (3). Reference was made to general area agreement reached re Iran (Secto 186, May 6) and to unresolved question re strengthening paragraph 3 of draft declaration. We told Wright reaction from both

[1] Not printed, but see footnote 4, p. 980.

Department and field favored paragraphs 1 and 2 of draft declaration but found paragraph 3 insufficiently strong to achieve desired result. We again urged treatment third paragraph along lines D–3*a* (Deptel Tosec 93 [2]). Re Greece and Turkey it was consensus that such statement, if made, would merely be reaffirmation of previously announced policy.

Re (4). Wright said British felt strongly no statement on arms or NE security should be made until conclusion meetings Arab League Political Committee on Jordan question. He assumed, however, that this obstacle would probably be eliminated by conclusion of league meetings before end London conference. Re Iran, both sides saw difficulty including in general statement at end London conference in view their common feeling that statement on Iran in order carry desired weight should be linked with specification some definite line of action. No particular difficulty was foreseen from timing angle in inclusion Turkey and Greece if such action were in fact decided.

Since this question now scheduled for discussion by Secretary with Bevin Wednesday any comments of Department should be expedited in order permit review with Secretary before Bevin meeting.[3]

[2] Not printed, but see footnote 4, p. 980.

[3] For a report on Secretary Acheson's discussion of the Near East with Foreign Secretary Bevin on May 10, see Secto 218, May 11, p. 1027.

Talks of the United States and the United Kingdom on Southeast Asia: The Work of Subcommittee R

396.1 LO/5–150 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 1, 1950—3 p. m.

Secto 66. From Jessup. Opening US–UK bilateral on SEA was devoted exclusively to Indo-China.[1] Dening [2] opened discussion by reading message from Singapore giving view expressed by DuGardier [3] that because of publicity re place Indo-China on agenda desirability some tripartite declaration of solidarity could be issued in termination of conference. I said that I was not surprised they would like such a declaration but I felt that publicity-wise it might sound too much like ganging up of colonial powers in support French position.

[1] The meeting was held at 10:00 a. m. on May 1 in the India Office.

[2] Sir Maberly E. Dening, British Assistant Secretary of State for Foreign Affairs.

[3] Roger Robert Du Gardier, Counselor to the French High Commissioner for Indochina.

Dening then developed Foreign Office tentative view re desirability for SEA nations to issue public declaration of intention to develop their own democratic way of life and to elevate living standards of people together with positive statement they would not brook interference from without or by minority from within in achieving these ends. Such a public statement might then be sponsored and supported by public declaration by Western Powers that they would look forward to democratic and economic development three states within French union and that they would be opposed to any attempts from within or without to overthrow them. Statement would not contain any reference to Communist menace. It might then be that even India and Pakistan could join Western Powers in sponsoring the statement. However, Bevin would certainly not be prepared to support it until after consultation with other Commonwealth Governments.

I said general US feeling was we would have to find some way of obtaining support of Indo-China population. Dening agreed there was no solution without it. He said French thinking re declaration of evolutionary program for Indo-China was influenced by probability Asiatics would become impatient and demand transfer of additional power before they were prepared for it with resultant chaos. He furthermore doubted in view French internal policy, we could get them to do much along this line. He felt we should agree to help them to extent they help themselves.

I suggested that in tripartite talks US and UK make fundamental position France has primary responsibility Indo-China and we should help to best our ability. Dening concurred. I suggested it would be highly desirable to learn what French contemplated for future of Indo-China and if they wished to re-establish their political and economic domination. Dening said UK very anxious for re-establishment Indo-China as a major exporter of rice and this could only come about through pacification.

In reply to my inquiry re UK plans for building up international status Indo-China, Dening said for present Bevin may not wish to recommend establishment Legation in Saigon. He said UK had not had much success in representations to Ceylon and Burma that they recognize Vietnam. He felt it would be some time before India would be persuaded to take this step. Nehru, he thought, felt recognition Ho Chi Minh by China and USSR only confirmed correctness his position. He did not believe Nehru considered seriously calling Indo-China Conference.

I inquired whether UK relations with Communist China would restrain UK from taking categorical position re Communist aggression. Dening said this had no bearing whatsoever. What happens inside

China is Peiping's business; what happens in SEA is distinctly UK business. Any reluctance on this score can be attributed only to effect on India and Pakistan.

I said we should like to learn from French their views re channeling of assistance. We hoped French would merely be considered one of four nations who as a group would be given aid. Economic aid, for example, might be given direct to Vietnamese. I reiterated we wished avoid at all costs publicity which might be interpreted we were helping French to repress Vietnamese. Dening said UK prepared to hand over to French direct such military supplies as it could, stating items involved were of nature only French competent to use them. He foresaw no objection to publicity; aid was intended for four nations alike.

In general, British attitude disappointingly cautious. Dening indicated this might be due desire avoid further criticism from Left-Wing Socialists.

Sent Department Secto 66; repeated Paris 699.

[JESSUP]

396.1 LO/5–350 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 3, 1950—8 p. m.

Secto 110. Second US–UK bilateral FE problems May 2 devoted entirely to China.[1] Dening's opening remarks supplied theme for discussions and it is believed supply clue to Bevin's approach to Secretary. He said probably chief area of difference US–UK policies was over China. He suggested while tactics differ long term aims probably identical. We both would agree, he stated, we don't want China irrevocably in Soviet camp. In employing divergent tactics let us be careful not to hurt each other.

In Foreign Office estimation Chinese situation will develop along one of following lines:

a. Peiping will turn more and more to USSR in order sustain itself.

b. Titoism may develop out of Soviet attempt dominate Chinese scene. No evidence as yet.

c. CPG will fail and people will overthrow it. Little likelihood of such an eventuality. There are no opposition leaders in sight.

d. CPG through own efforts will make China strong and vigorous nation.

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[1] The meeting was held in Dening's office following the second meeting of Subcommittee C at 2:30 p. m.; for a report on the work of Subcommittee C, see Secto 89, p. 938.

Kremlin faction in Chinese politics obviously has upper hand but domination far from complete. US support Formosa, blockade of Shanghai and bombing Chinese cities have been largely responsible for extension Soviet military power as far south as Shanghai.

Bevin very appreciative Secretary's statement on FE policy;[2] statement on Formosa especially did much to clear atmosphere.[3] There still appears to be misunderstanding in US that UK tactics are dictated by commercial interests. This definitely not the case. Real motive is if West disembarrasses itself of China it will leave field entirely to USSR. Presence of UK mission in Belgrade largely instrumental in growth of Titoism. This accounts for UK persistence in attempting negotiate with CPG. In this connection there have been no new developments re establishment diplomatic relations with CPG and Foreign Office now considering submission to Cabinet of paper recommending UK Chargé d'Affaires be authorized to inquire of CPG what its real purpose is in delaying negotiations and intimating in event unsatisfactory reply Chargé d'Affaires will discontinue efforts.

Bevin when he talks to Secretary will not suggest US adopt different tactics toward China; he will merely urge US not to take any action which will make UK position untenable. If UK is forced out of China all West interests will share same fate, and East-West division which we all so anxious to avoid will become accomplished fact.

In replying to Dening, Merchant stated that for our part we would agree on primary objective as stated with addition that US and UK were in accord in attempting to prevent Chinese Communists from building up their military potential. We said US probably further away from considering recognition than at time of Foreign Ministry talks in Washington last September.[4] Referring to his statements re Shanghai blockade we said here was another instance of disagreement re tactics. While US recognizes the distorted propaganda value of blockade, effect on Communists, including multiplication of economic and administrative difficulties, should not be discounted.

Dening was inclined to doubt whether blockade was having material effect on Communists who he felt had little regard for popular suffering. He thought attack on Chusan which is anticipated in near future would be not so much to break blockade as to obtain base for invasion

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[2] For the text of Secretary Acheson's address to the Commonwealth Club of California at San Francisco on March 15, see Department of State *Bulletin*, March 27, 1950, pp. 467–472.

[3] For the texts of the statements by President Truman and Secretary Acheson on Formosa, released to the press on January 5, 1950, see *ibid.*, January 16, 1950, pp. 79–81.

[4] For documentation on the September Foreign Ministers talks, see *Foreign Relations*, 1949, volumes III, IV, and V.

of Formosa. He quoted UK Chargé d'Affaires Peiping as reporting Communist military program remains paramount consideration for them. China, he pointed out could continue to subsist under conditions of total blockade as it did during war with Japan.

Dening reported that on initiative MacDonald [5] in Singapore UK was thinking of informing CPG that it was prepared to accept Communist consuls everywhere except in Malaya, even at the expense of closing of UK consular offices in China. If it were decided to raise this issue it would have to be done before arrival of UK Ambassador otherwise UK might be faced with necessity withdrawing him in event of extreme Communist reaction.

Dening felt that even if US could not arrive at decision to recognize Peiping there were certain things we could certainly do in concert, such as closer coordination re propaganda. He felt we should not make our propaganda too blatant but use subtler methods to encourage Titoism, and we should be careful to ensure our propaganda was not harmful to UK position.

Dening inquired whether US representatives Taipei would intervene with Nationalist Government authorities in behalf of UK to attempt to obtain release of four British registered merchant ships now held by them. We said if we had particulars I should be glad to refer matter to Washington.

Sent Department Secto 110, repeated Paris 727.

[5] Malcolm MacDonald, Commissioner General for Singapore.

CFM Files : Lot M–88 : Box 151 : Secto Cables

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—7 p. m.

Secto 126. During third US–UK bilateral on FE problems May 3,[1] Dening renewed his scarcely veiled criticism US policy. He said he hoped to get Bevin to inquire of Secretary what US position in China really was. He said White Paper [2] and Secretary's talk at San Francisco contained passages hardly flattering to a friendly government. Given US inability to recognize Communists, what were relations with Nationalists? When Formosa falls what will be US reaction? Will it

[1] The meeting was held at 3 : 00 p. m. in Dening's office.

[2] Under reference here is the China White Paper, *United States Relations with China, with Special Reference to the Period 1944–1949* (Washington, Government Printing Office, 1949), made available to the public on August 5, 1949.

result in greater pressure from Congress and public to do something? Will US recognize the Nationalist government in exile?

Merchant quoted Secretary as publicly saying although US is not considering recognition present regime, it retains affection for Chinese people and relies on course of events to bring to surface fundamental conflicts between China and USSR. He said US military attach high importance to strategic value of denying Formosa to Communists. Although permanent maintenance of Formosa in present hands improbable, US not prepared take steps which might contribute to earlier collapse. He expressed personal opinion that it would be highly improbable that US would recognize a Nationalist Government in exile, and hence for an indefinite period we would probably recognize no Chinese Government. Re present regime, there are certain fundamental requirements upon which we feel entitled to insist if we are to consider recognition. There comes a point where recognition can become symbol of humiliation rather than a beacon. From beginning US did not feel immediate recognition was proper answer.

In directing conversation to problem of Communist China in SC, Dening pointed out this was yet another instance of divergence of views. In long run, he argued, one cannot from legal viewpoint exclude a charter member merely because one does not like his ideologies. UK not prepared to make deal with CPG re SC in return for establishment diplomatic relations. On other hand, Ceylon for example anxious obtain UN membership and Ceylon should not be indefinitely excluded merely because US has a quarrel with Peiping and Moscow.

In reply to query from Merchant, Dening said consideration had been given to breaking of Shanghai blockade but it was now felt that occupation of Chusan would in itself lift blockade. In fact it would not be UK but Moscow which through its assistance to Peiping would break blockade. In order to obtain Moscow's military assistance, Peiping likely had to make a deal of some sort, nature of which future course of events will bring to light. After fall of Formosa will Moscow withdraw?

In Dening's view Japan presents almost equally gloomy picture. While West continues to fumble, Peiping and Moscow are taking offensive. Sino-Soviet treaty clauses re Japanese peace treaty show Communists have something in mind. Will probably insist on attending treaty conference if only for nuisance value, or Moscow itself may call a conference. If US–UK accept invitation, Moscow may have nothing substantial to propose; if they decline, they will be made to bear onus. Obvious Japanese Communists have been inspired in their present agitation for peace treaty. In UK view US policy of "sliding into a peace treaty" is wrong. Japan by nature is "same leopard" and

present piecemeal treatment only whets its appetite. Prospect of obtaining kind of treaty needed diminishes with time. Soviets might suggest, for example, returning of salmon fisheries to Japan in order to buy Japanese support for something it can't use. Japan may soon be in position play off one side against another. Japanese bargaining position improving daily. One constructive step might be joint study of political and economic implications Japanese trade with China. Merchant reiterated present inability discuss treaty.

In general wind-up of FE discussions Dening stated UK convinced present China policy right and should continue. Problem is how to square UK policy with continued nonrecognition by US. Is this divergence to be perpetuated? At least we should avoid taking policy actions without consulting one another in order that adverse reaction can be minimized. Dening said he regarded with envy close UK–US relation in Middle East on all levels. In Far East there is little close consultation in higher brackets. This he regarded as a most serious gap in Anglo-American relations which he earnestly hoped present talks would help bridge. Dening recommended development of facilities for frequent consultation on highest plane—if not between Foreign Ministers than between Ambassadors and respective Foreign Ministers. We asserted equal interest in close relationship, stressing its existence re SEA.

Foreign Office now preparing brief on FE talks indicating areas of agreement and disagreement and agreed recommendations. Substance will be forwarded soonest.[3] In brief colloquy identity US–UK views re Indonesia and Thailand confirmed.

Sent Department 126; repeated Paris 738.

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[3] This paper was circulated as UKUS/P/8, "Agreed Anglo-American Report summarizing discussions on China held at the Foreign Office on May 2nd and 3rd," dated May 5, not printed (Conference Files: Lot 59 D 95: CF 24). Regarding the consideration of this paper by the U.S.–U.K. plenary on May 5, see Secto 164, May 5, p. 964.

396.1–LO/5–450 : Telegram

The United States Delegation at the Tripartite Preparatory Meetings to the Secretary of State

SECRET LONDON, May 4, 1950—midnight.

Secto 142. Third [*Fourth*] meeting Bipartite US–UK Sub-committee R on FE and SEA took place this afternoon [1] to consider item 12 [*11*] US–UK agenda, with Hare and Palmer for US and Dening,

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[1] The meeting was held at 3 p. m. in the India Office.

Murray and Fry of Foreign Office [2] and Garner and Fowler of CRO for UK.[3] Following questions discussed:

I. *Indian Sub-continent.*

A. UK and US roles.

Hare followed line recommendation one of D–5.[4] UK representatives emphasized limitations placed on their use of influence in light sensibilities in Pakistan and, more particularly, India, to anything which they interpret as pressure. Dening thought US might have thought at times UK might have taken bolder lead in Indian-Pakistan problems and that UK on occasion has asked us to do too much. UK found it consistently necessary guard against giving any impression either Dominion of desire regain political influence which it had lost when two Dominions given independence. Any form of pressure which might give this impression would divert our ends. Hare emphasized that we were stressing assistance, not admonition. We realized limitations of UK in latter regard, but we felt that personal relations between UK and these countries, close economic relations between them, experience which UK has had in area and Commonwealth ties gave UK unique opportunity to strengthen area. While we certainly do not want to suggest anything in nature of dividing area of world in spheres of influence, we felt that in view of many world-wide interests, it was natural that in certain areas one power or the other should assume initial responsibility. In case of Indian Sub-continent, it was natural because of ties mentioned above that UK should continue assume this function. This analysis is what had lead us to our conclusion that US should act in complementary role in Indian Sub-continent to that played by UK.

Dening agreed this concept.

B. Kashmir.

Hare followed line recommendation 2 of D–5.[5] UK representatives felt that while partition may be ultimate solution of Kashmir prob-

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[2] James D. Murray, Head of the Southeast Asia Department, and Leslie A. C. Fry, former member of the British High Commissioner for India's staff.

[3] Joseph J. S. Garner, Assistant Under Secretary of State for Foreign Affairs and Sir Robert W. D. Fowler, Commonwealth Relations Office representative on the United Kingdom Delegation to the United Nations.

[4] Recommendation one of FM D D–5, "Problems of the Indo-Pakistan Subcontinent," dated April 25, not printed, stated that the United States role in this area should supplement and not supplant the role of the United Kingdom. This did not mean an abdication of any United States presence, rather that the United States would give special study to the economic and political problems of the area to determine where it might be the greatest help and where its activities would best dovetail with those of the British. (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

[5] Recommendation two stated that the United States should express its appreciation for the role which the British have played in the negotiations between India and Pakistan at the United Nations and indicate its full support of these efforts.

lem, it would be grave mistake to indicate in any way at this juncture that we were considering such possibility. This is largely question of tactics. Once we gave India any inkling that we might give way on plebiscite we would have nothing to hold them to. If India knew we were considering partitition and dropping plebiscite, her demands under partition formula would become extreme. Hare emphasized we were merely suggesting our two governments give sympathetic consideration to any future proposal if made by UN representatives or parties. Would UK be prepared to go this far? UK representatives very hesitant, particularly drawing distinction between suggestion for partition by UN representative and one which might be agreed to by two parties. They would not go so far as to oppose in principle but thought agreement both parties essential in any real settlement.

C. French and Portuguese possessions.

Hare followed line recommendation 3 of D–5.[6] Fry said UK understands negotiations between Indians and French in Paris going slowly but well. Dening seemed think that on whole French taking realistic and reasonable attitude, and that its main concern is to get out of situation without loss of face. Re Portuguese possessions, Portugal maintains enclaves part of metropolitan Portugal and are unwilling discuss any change in sovereignty, although they do appear willing discuss treatment of Indians in territories. Whole question Portuguese possessions presents awkward problem to UK in view its treaty alliance with Portugal on one hand and its Commonwealth ties with India on other. At present time problem not acute. Should it become so, UK will use its best efforts with both sides to bring about friendly settlement, but contemplates no action at present.

D. General Indian-Pakistan relations.

Garner said UK much relieved at outcome Nehru–Liaquat talks and are pleased with progress made in ensuing economic conversations.[7] However, there are still many factors in situation that cause concern,

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[6] Recommendation three stated that the main United States interest in the French and Portuguese possessions was that they should not become trouble spots. The United States felt that the French referenda in their four remaining possessions was the realistic way to determine their future and felt that the British might use their influence in Portugal to get the Portuguese to adopt a similar view with respect to Goa.

[7] Documentation on the talks between Prime Ministers Nehru of India and Liaquat of Pakistan on April 2 in New Delhi and April 26 in Karachi, including the agreement on the protection of minorities in the two states is schedued for publication in volume v.

especially Indian troop dispositions on Punjab frontier. Despite New Delhi agreement, India has made no move, so far as UK aware, to withdraw troops. In recent conversation during Liaquat's visit here Ikramullah [8] said he was satisfied Nehru's sincerity in Delhi agreement, but indicated his doubt as to Nehru's ability control situation. He thought, for instance, Nehru had lost control of situation in Bengal disturbances. All in all, UK feels basic factors still exist for recurrence of recent crisis, perhaps in even more serious form.

II. *Afghanistan.*

Hare followed line recommendation 4 of D–5.[9] Hare said he felt Afghanistan has little to attract USSR in itself, but now it has great significance in relation to India. If and when USSR should make move against Afghanistan, it would probably mean USSR ready to move against India. Dening agreed this concept and said UK did not see any sign of overt or covert USSR activity in Afghanistan. Nevertheless, he thought Kremlin might well feel, as proved to be case in China, that there was no need to do anything except sit back and watch things deteriorate internally at which time it would be able take advantage of situation. Re Afghanistan-Pakistan dispute, Dening thought about all we can do is to wait and to see results diplomatic approaches which UK has suggested to various countries representing Afghanistan. Garner said Bajpai [10] has told Nye [11] that India does not agree 100 percent with Pakistan's claims and that it therefore does not feel that it should take diplomatic action with Afghanistan. Nye nevertheless thinks that there is still chance India could be persuaded. UK representatives did not feel there would be much hope for successful settlement this dispute if it were referred UN.

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[8] Mohammad H. E. Ikramullah, Secretary in the Pakistani Ministry of Foreign Affairs and Commonwealth Relations. Documentation on Prime Minister Liaquat's visit to the United Kingdom, United States, and Canada during April and May is scheduled for publication in volume v.

[9] Recommendation four stated that the United States would continue to provide moderate aid to Afghanistan with the aim of maintaining its stability as a buffer state between the U.S.S.R. and the subcontinent. The United States should continue to urge moderation on the Afghans in their border dispute with Pakistan and should encourage the British to take similar action with the Pakistanis.

[10] Girja Shankar Bajpai, Secretary-General of the Indian Ministry of External Affairs.

[11] Archibald Nye, British High Commissioner in India.

III. *Burma.*

Hare followed line D–7.[12] UK representatives indicated appreciation our policy that US aid complementary to that of UK and Commonwealth. Dening gloomy re possibilities effective assistance to Burma, emphasized particularly difficult nature of Burmese themselves and suspicions which they harbor. In view uncertainty present Burmese situation, UK somewhat hesitant extend too much assistance. Hare gave brief résumé our thinking re aid to Burma, pointing out it was not large but emphasizing psychological effect which it could have in helping stabilize present situation. In light recent events with China, Hare pointed out attention now focused on Southern Asia. Burma critical spot and unstable situation is commanding much attention throughout world. He wondered if Burma fell to Communists at some time in future whether we would be able defend our policies and say we had used our imaginations and ingenuity to utmost in order devise ways of saving Burma. Dening said he thought UK could satisfactorily defend its position on this score. UK willing and anxious help Burma, but main difficulty is with Burmese themselves. Without Burmese cooperation there was a definite limit to what could be done. In response Hare's question, Dening thought present GOB best on horizon as unstable as it is. He mentioned disturbing telegram which had been received this morning from British Embassy Rangoon reporting possibility *coup d'etat* by Ne Win[13] after Thakin Nu[14] has left for UK, but said British Ambassador inclined minimize.

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[12] The recommendation in FM D D–7, "The Role of US and Commonwealth Aid to Burma," dated April 13, not printed, read as follows:

"It is recommended that, should the subject of aid to Burma be raised during the coming Anglo-American talks, we re-emphasize our policy that US aid to Burma is conceived of as complementary to that to be given by the UK and Commonwealth. It might be pointed out that we consider the Burma situation critical and believe that a real effort must be made to keep it from falling under Communist domination because, if Burma falls, all of Southeast Asia will be gravely imperilled."

A second draft of this paper, FM D D–7/*a*, dated April 24, not printed, contained a similar recommendation. (CFM Files: Lot M–88: Box 149: May FM Files C, D Series)

[13] Lt. Gen. Ne Win, Commander of the Burmese Government forces fighting the Karen insurgents.

[14] Thakin Nu, Burmese Prime Minister.

Editorial Note

Representatives from the three Delegations held plenary meetings on May 5 and 6 to consider the various reports and papers drafted by the subcommittees. In particular the plenaries considered the papers on NATO and closer association, Southeast Asia, colonial questions,

and general policy toward Germany. The United States Delegation reported on these plenaries in Sectos 167, 172, 183, and 187, May 6, none printed (396.1 LO/5–650). The actions of the plenaries on the several papers which they considered are indicated in the footnotes to the relevant documents.

MEETINGS OF THE FOREIGN MINISTERS OF THE UNITED STATES, THE UNITED KINGDOM, AND FRANCE

CFM Files : Lot M–88 : Box 149 : May FM Meeting A Series

Paper Prepared in the Department of State [1]

TOP SECRET
FM D A–2*d* [2]

WASHINGTON, April 28, 1950.

U.S. OBJECTIVES AND COURSE OF ACTION IN THE MAY MEETINGS

1. The original concept of the meetings with Bevin and Schuman was that we should exchange views on the developing world situation and seek to reach substantial agreement with them on the analysis of the situation and on our fundamental common objectives. This, it was thought, would be valuable and highly productive to prepare the ground for agreements at the meetings on certain specific actions and, more importantly, for subsequent agreements on other actions. We suggest that this exploratory discussion should still be regarded as the principal purpose of the meetings.

2. Advantage was taken of your visit to Europe to schedule a meeting of the NAT Council. A second purpose of your talks with Bevin and Schuman is, therefore, to concert your action at the Council's meeting.

3. If this concept of the meetings is accepted, it will be very important to prepare an introductory statement for you to use with Schuman and Bevin which would:

a. review the present world situation, including

(1) our relations with the Soviet Union, and the nature and seriousness of the threat to our security as a result of Soviet intentions and capabilities, including atomic capabilities;

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been cleared within the Department of State and approved by Secretary Acheson.

[2] Two earlier drafts of this paper, FM D A–2 and 2*a*, dated March 29 and April 11, respectively, neither printed, are substantively the same as FM D A–2*d*. The comments of the Joint Chiefs of Staff on this paper were transmitted to the Department of State on May 5, not printed. They concurred in the general approach to the problem but recommended strengthening the text to show the reasons for the United States courses of action. (CFM Files : Lot M–88 : Box 149 : May FM Meeting A Series and 396.1 LO/5–550)

(2) the progress which has been made in strengthening the West politically and economically and the importance of making further progress;

(3) the situation in the Near, Middle and Far East;

b. indicate the main lines of action, the need for which is indicated by the preceding review. These major lines of action are:

(1) building up the defensive strength of the West;

(2) building up the economic strength of the West and of the free world generally;

(3) speeding up the integration of Western Germany with the West, and, if possible, to relax our controls in Western Germany;

(4) strengthening South and South East Asia to prevent their domination by Kremlin oriented Communist Governments, and coordinating certain actions with respect to the Near and Middle East;

(5) coordinating our propaganda effort and other phases of our policy toward the Soviet Union and the satellites;

(6) intensifying and integrating cooperative efforts to the extent necessary to deal adequately with the foregoing problems.[3]

c. indicate that much work needs to be done with respect to all of these areas to determine just what action each country should take; that the U.S. desires to coordinate its efforts with those of the U.K. and France; and that in our view the major purpose of the meetings is to agree on actions with respect to some problems and, on other problems, how we can move ahead most rapidly to the development of coordinated programs of action.

4. Against the background of the discussion which would be elicited by such an opening statement by the Secretary, it would then be possible to take up in more detail each of the six major fields listed above and to seek agreement as to the next steps in each, including agreement on certain specific actions under each heading. We are, of course, not now in a position to indicate finally what the U.S. policies should be on a number of the issues related to these problem areas. Furthermore, any action we may agree to at these meetings must be within the framework of existing treaty commitments. As we now see it, however, our position on each can be summarized as follows:

a. Building up the defensive strength of the West. At the North Atlantic Treaty Council meeting we should obtain Council agreement to:

(1) Approve the reports of the Defense Committee and Defense Financial and Economic Committee and (*a*) initiate action

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[3] To cover the six items enumerated here, six series of papers were prepared by the Department of State, numbered FM D A–2/1, 2/2, 2/3, 2/4, 2/5, and 2/6, respectively. Copies of the various drafts of these papers are in CFM Files: Lot M–88: Box 149: May FM Meeting A Series. Regarding FM D A–2/3, see footnote 4, p. 914.

on an urgent basis to build up forces in accordance with the priorities of the medium-term defense plan, accepted as a first approximation and without awaiting the perfection of the medium-term plan. In this connection it would be desirable for us to indicate that we are actively considering plans to increase our military strength; (*b*) as a matter of principle, work toward the creation of balanced collective, rather than balanced national, forces; (*c*) direct the Defense Financial and Economic Committee to examine the economic and financial resources of members with a view to ascertaining their ability to finance additional military expenditures; and (*d*) direct the Defense Committee to develop an estimate of the cost of a strategically adequate defense plan setting forth priorities therein.

(2) Establish a Permanent Commission of the Council to study and recommend measures for the rapid implementation of the above and for coordinating the information activities of members which are related to NAT objectives.

(3) Adopt a series of resolutions to be made public which will assist in developing public support for the expanded defense program and which might deal with: (*a*) the establishment of the Permanent Commission; (*b*) the building of balanced collective forces; (*c*) the need of increasing the economic and military strength of the West; and (*d*) the general attitude of the West toward the Soviet Union.

b. Building up economic strength in the West and in the free world generally.

(1) Our position would be that, though we cannot make any commitments at this time, we are deeply and seriously engaged in a study of what adjustments this country can make to assist in a solution of the dollar gap problem; that our interest in a healthy and thriving European economy is a continuing one; that we are determined to do our part in achieving such economic conditions, and that we expect the European countries to do their full part.

(2) We would indicate that some aspects of this problem are being dealt with in the OEEC, but we would urge (*a*) that the European countries should get on rapidly with the job of establishing a satisfactory payments union, and that the technicians should redouble their efforts to work out a satisfactory payments union plan during the meetings so that this achievement could be announced; (*b*) that the European countries should rapidly eliminate remaining quantitative restrictions on trade with each other and make further progress in lowering other barriers to intra-European trade and that some commitments to this effect be included in any announcement on the payments union; and (*c*) that the European countries should reduce barriers to the movements of persons in Europe.

(3) We should make it clear that the foregoing steps are regarded as cooperative steps by sovereign nations and do not cloak any design to force the European countries to steps involving merger of sovereignty.

c. Germany and Austria.

(1) We should explore and obtain British and French agreement to study jointly, through agreed machinery, measures required to further the integration of Western Germany with the West and, if possible, to relax our controls in Western Germany. This position is subject to modification, depending on a decision with respect to recommendations in a separate paper on Germany.[4]

(2) We should obtain British and French agreement to issue a joint declaration with respect to German unity; and

(3) We should obtain British and French agreement upon specific actions with respect to the Berlin situation, refugees and Soviet moves to create para-military formations in the Eastern Zone, and we should be prepared to discuss aspects of the internal economic situation, the Ruhr Authority, and ownership of the coal and steel industries.

(4) Our desiderata regarding Austria are subject to developments in current negotiations. However, it is likely that we will wish agreement on a three-power policy designed (*a*) to obtain a conclusion of the Austrian treaty negotiation, and (*b*) if such negotiations are not successful, a policy to serve temporarily in the absence of a treaty. It is also probable that we will wish to obtain agreement on measures to lighten the occupation burden on Austria, including the appointment of Civilian High Commissioners.

d. The Near, Middle, and Far East.

With respect to the Near and Middle East, the meeting provides an opportunity for working-level talks on a variety of problems.

However, on the Ministerial level, we should (1) indicate our interest in the UK's maintenance of strategic facilities in Egypt, and our hope for a satisfactory resolution of UK-Egyptian differences with respect to the Sudan and arising out of the 1936 treaty; (2) express our interest in political, economic, and social stability in Africa and explain U.S. objectives in Africa; (3) obtain agreement on certain aspects of arms shipments to the Near East, and particularly on a declaration by each of the three powers that they will not permit arms shipments to the Near East unless the recipient country gives formal assurances not to undertake aggression against any other state; (4) seek agreement that the British, French, and U.S. will issue statements following the meetings supporting the independence of Near Eastern states and opposing forcible violation of the frontiers of one Near Eastern country by another; and (5) discuss with the British our proposed program regarding Iran, and solicit their cooperation in presenting a united front to the Iranians, suggesting in addition that they could make a positive contribution by resolving the dispute over the AIOC contract.

[4] FM D A–2/3.

Regarding the Far East, we should: (1) discuss with the British the position regarding a Japanese peace treaty; (2) after reviewing the problem of preventing Communist control of Southeast Asia and Burma, confirm the responsibilities of and specific actions to be undertaken by the three powers in this area; (3) with respect to Indochina, obtain further information regarding the French program, and explain (*a*) that we regard the military and economic support of Indochina as primarily a French responsibility; (*b*) that we expect the French to live up to the letter and spirit of the March 8 agreements,[5] and (*c*) that the U.S. is prepared to provide supplementary economic and military aid to the Associated States and France. (4) Indicate to the French that, in our view, they would be ill-advised to extend recognition to the Chinese Communists at this time. (5) Explain our position on the Chinese representation issue in the United Nations.

In addition to the above, we should discuss in general terms the colonial questions which have arisen in the United Nations in order to provide guidance for the bilateral discussions which will subsequently be held in Washington.

e. Coordinating our propaganda effort and other phases of our policy toward the Soviet Union and the satellites.

Under this heading we would discuss in more detail than in the introductory statement our relations with the Soviet Union and the satellites, with the purpose of exchanging views and exploring the adequacy of existing means of coordination of decision and action. We would discuss the need for developing further strength as a prerequisite to successful negotiations with the Soviets, and the tactics, timing, and arrangements with respect to any such negotiations. We would also wish to (1) obtain British and French agreement that we should neither encourage nor give a negative response to Lie's proposal for a periodic Security Council meeting and that Lie should be informed that, while it is not now clear that fruitful results would be achieved by such a meeting, if it is later decided to hold such a meeting it should be held in New York just before the fifth General Assembly; (2) agree upon, although probably not on the Ministerial level, certain specific policies toward the Eastern European satellites; (3) reaffirm our agreement with respect to the importance of the Titoist schism, of providing economic assistance to Yugoslavia, and of consulting with respect to military aid, if and when the situation so warrants.

f. Measures to achieve the greatly intensified and integrated cooperative efforts, particularly in the North Atlantic area, essential

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[5] For the text of the agreement, embodied in an exchange of letters between Vincent Auriol, President of the French Republic, and His Majesty Bao Dai, Emperor of Viet-Nam, of March 8, 1949, regulating relations between France and Vietnam, see *Documents on International Affairs, 1949–1950*, Margaret Carlyle ed. (London, Oxford University Press, 1953), pp. 596–606.

to deal adequately with the foregoing problems. These measures include:

(1) Making clear that the US fully recognizes its responsibilities in connection with these problems and that it is prepared to participate fully and jointly with the Western European nations on a continuing basis in dealing with them.

(2) Agreeing to participate fully with the UK, France and Canada, with consultation of other governments concerning including the German Federal Republic, in urgent study of the specific steps necessary to deal with these problems, and primarily (*a*) the defense of the West, (*b*) establishing the necessary economic base and (*c*) the integration of Germany into the West. Emphasis should be upon the action necessary and organizational questions should be considered only from the points of view of: (*a*) how can existing organizations be made more effective to deal with these problems, (*b*) what problems can not be dealt with adequately through existing agencies, and (*c*) what type of organization, if any, with what functions and what membership is necessary for more effective action in dealing with them.

5. If we can obtain real agreement on the above, the meetings would have been very important if progress in the above fields could be made in the following months. What would remain to be done to prepare for the meetings, if this approach is accepted are the following things:

a. Preparation of an introductory statement.

b. Preparation of a summary paper for your use at the meetings on each of the six major problems listed above which would:

(1) Summarize the U.S. position and the supporting facts and provide cross reference to the position papers;

(2) state what we are trying to accomplish at the meeting and what our negotiating position is;

(3) list the specific issues under each general heading which the Secretary must take up personally, digest the U.S. position and what we are seeking to obtain, and provide cross references to the position paper.

c. Preparation of draft resolutions and communiqués on which we would hope to be able to reach agreement on the bipartite, tripartite and Council meetings.[6]

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[6] On May 1 and 2 Secretary Acheson, speaking from this paper, outlined to the Senate Foreign Relations Committee and the House Foreign Affairs Committee the general concept and objectives of the United States with respect to the London meetings. Reports on these two meetings, transmitted in Tosecs 51 and 60, May 1 and 2, neither printed, stated that both committees were "favorable" to this approach. (CFM Files: Lot M–88: Box 151: Tosec Cables)

396.1 LO/5–850 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET NIACT PARIS, May 8, 1950—10 p. m.

2185. From USDel. Summary US–France ministerial conversations May 8, morning session,[1] follows, exclusive of my preliminary private conversation with Schuman.[2]

Item 1. Review of conclusions of preparatory groups on world-wide objectives.

At Schuman's invitation I noted that I had only few words on questions of emphasis to add re agreed objectives which had been summed up in London:[3] US feels that next three or four years are critical years; USSR is widening gap militarily; she has less resources than West but is devoting proportionately more to military budget. West is devoting proportionately and in certain military fields actually less to defense. There is real danger gap will progressively widen and that toward 1953 or 1954 balance of forces might induce USSR to take or threaten to take hostile measures which might either actually, or through psychological effect of disproportionate force, lead to disastrous results. While USSR has pushed military preparation close to limit, West has larger margin for effort and work must begin in that margin. Steps to be taken are (1) to examine military Western defense program as laid down at the Hague[4] and begin work on it; (2) to strengthen and develop economic base of the West. These general considerations lead us immediately toward more specific questions:

(1) Great resources of Germany (at least Western Germany) must be attached to West so that Germany may become strong and stable element in our general economic effort;

(2) We must establish close and immediate connection between problem of Southeast Asia and defense of West; recent Communist successes in Asia, if held at present point, may result in liability to

[1] The meeting was held from 10:30 a. m. to 1:15 p. m. at the Ministry of Foreign Affairs. The United States Delegation consisted of Secretary Acheson, Jessup, Perkins, Bruce, and Bohlen; the French Delegation consisted of Foreign Minister Schuman, Alphand, de la Tournelle, de Margerie, Seydoux, and Baeyens. A copy of the French Delegation minutes for the meeting was transmitted as enclosure 1 to despatch 1065, from Paris, May 12, not printed (396.1 LO/5–2250).

[2] No record of this conversation has been found in the Department of State files; however, Secto 154, May 5, from London, not printed, reported that Jessup had approved a private conversation for 10 a. m. between Schuman and Acheson at which only an interpreter would be present, and at which Acheson would explain "in frank terms" the tenor and reason for the extensive preparatory talks with the British. (396.1 LO/5–550)

[3] Regarding the agreed objectives, see Secto 138, p. 961.

[4] For documentation on the third meeting of the NATO Military Committee at The Hague on March 28, 1950, see pp. 1 ff.

USSR but if resources SEA are added to those of China the liability is turned into a highly dangerous asset;

(3) We must bring our propaganda effort into harmony and, by giving increased and continuing expression to our agreed objectives, bring them home to peoples of Europe and Asia. In light of high quality of Russian propaganda US is renewing its efforts in information field and wishes to coordinate its efforts with those of France, UK and other countries. We must not allow Russia to have monopoly of peace theme;

(4) In organizing our efforts we should create organizations only in the light of the specific purpose which they are to achieve so that organization should be the assistant of, and not the substitute for, action.

Schuman replied he could agree fully but with certain differences of perspective due to geographical situation of France. It is clear that present respite cannot last forever: USSR has temporarily turned within herself to deal with certain internal and satellite problems and digest China conquest but process will not result in policy change in direction of conciliation or appeasement and we have no choice but to continue and intensify present efforts for coordinated defense. In propaganda field we all, and especially France, are inferior to USSR. We must make better use of our resources individually and must pool them in fields of broadcasting and in judicious use of experience of stable and sound refugees. France welcomes London decision to reinforce propaganda activities within NAT areas but feels that in some cases we should bring in other countries not NAT members. Furthermore propaganda should not be limited to stressing faults in opposing camp: we must counter powerful Communist peace propaganda theme, which is making dangerous headway even in non-Communist circles, by impressing on our own and friendly peoples that we do not prepare for war in order to wage it and that we increase our defenses for peaceful purposes only. "Cold war" is inappropriate term indicating we accept Russian challenge to fight on their chosen ground. Our purpose is not to win cold war but to increase security of our peoples through consolidated total defense. Hence too great reliance on atomic theme is dangerous. It frightens rather than reassures and tends to slacken defense efforts of populations. Consequently final communiqué from London conferences should be strong, determined and serene without abrupt or aggressive overtones and should reflect the calm growing out of our common solidarity.

Re Germany Schuman entirely agrees she should have her place in Western organizations devoted to peaceful economic efforts but she must submit to the same discipline as other members so that her efforts will be equally beneficial to herself and to the Western community.

Re organization, Schuman agreed we should avoid accumulation and multiplication of overlapping organizations and that this question should be fully pursued on a tripartite basis.

I then made following observations on importance East-West trade controls:

Control of East-West trade has great strategic significance and US attaches major importance to this question: we must concentrate not only on growing stronger but also on reducing potential of USSR and I hoped that scheduled meetings this subject would reach rapid and fruitful conclusions.

Schuman stated France had agreed to renounce all deliveries which have strategic value and could strengthen military potential of USSR. He added that problem was particularly acute for Germany now cut off from her natural markets to east. We must be careful not to ruin German economy by useless limitations, such as trucks, but base limitations on strictly military and strategic considerations.

Item 2. Franco-American relations. Schuman spoke eloquently in name of French Government and people on excellent state mutual relations adding that ERP had saved economy of France and Europe. This opinion was held by vast majority French people despite Communist efforts in opposite direction. Communists were losing momentum in France and very violence of their methods in Parliament and futile attempts prevent US arms deliveries were proof they were seeking to divert attention from fact they had lost ground. Re divergent views, Schuman spoke at some length on colonial problem. US attitude had long caused concern to France which came to head at time of UN decisions re Libya. While London talks [5] had done much to dispel this concern, Schuman felt it important to emphasize to me that since last war France has definitely abandoned colonialism and is determined to implement new policy of French union. Latter is younger than British Commonwealth and territories it embraces are frequently less evolved. France recognizes it must lead its backward peoples toward self-government but slowly and progressively taking into account differing situations in different territories.

Furthermore, political and economic evolution must go hand in hand: if first precedes second, result may be chaos, leading to easy exploitation by Communists. Since France has responsibility for territories under its control it must take measures it deems necessary to discharge this responsibility even if such measures incur adverse criticism. In end it will be recognized that they are in interest of peoples

[5] Regarding the London preparatory talks on colonialism, see pp. 948 ff.

themselves and of entire west community. Hence France pleased at London proposal to consult bilaterally and trilaterally on these questions.

I replied by agreeing that our relations were excellent and that most of our problems lay in third areas and that good impression had been created in US by French economic recovery and by government success in vigorously handling Communist demonstrations at time of MAP deliveries. I said that the progressive policy of France toward French union was understood and appreciated.

I then raised question of FCN treaty expressing hope it could quickly be negotiated so that US investments in France which would become increasingly important as ERP neared its end, could find solid base. Schuman assured me he would make personal effort to resolve inter-ministerial difficulties, recognizing that signature this treaty was pre-condition for continued US investment in economic development of France and overseas territories.[6]

Item 3. Indo-China. Schuman in long exposé stated this was crucial problem for France which had been involved alone in four years war whose ever-increasing material burden threatened to impair French ability to meet her commitments for European defense. Financial cost of maintaining army of 250,000 (150,000 French and 100,000 natives) and feeding 30,000 interned Chinese Nationalists was crushing and made impossible the reorganization of French Army in line with coordinated plans for European defense. It was view of French Government that France could not indefinitely carry out this twin burden effort alone: Schuman formally and categorically denied in name of government press reports that France intended to abandon Indo-China. He reiterated that without help she could not carry both burdens and would have to revise her European commitments.

Schuman made further point that in Indo-China, France was not fighting for selfish interests but was defending vital area against Communist infiltration and control: she was defending both military and ideological positions.

Furthermore Schuman was grateful to US for understanding France's position as indicated by recognition of Bao Dai[7] and for possibility giving military and economic aid. He understood that nature of this aid would be supplementary not primary. He agreed that US could not substitute itself throughout world for nations having primary responsibility but could only assist them in carrying out that

[6] For further documentation on Franco-American negotiations for a treaty of friendship, commerce, and navigation, see pp. 1357 ff.

[7] For documentation on the United States recognition of the Governments of Viet-Nam, Laos, and Cambodia on February 7, 1950, see vol. VI, pp. 690 ff.

responsibility. France is not seeking to avoid discharging her responsibilities and will abide by her resolution to stand firm in Indo-China.

Schuman then made plea for most immediate receipt of two items of utmost military urgency: fighter planes and small naval vessels, pointing out that air fields were being constructed in rebel territory and that fall of Hainan meant that arms smuggling to Annamese coast would increase and in few nights could reverse military balance against French unless requisite naval vessels were urgently received to intercept smugglers.

Schuman then thanked US for recognition of Bao Dai saying it had been in every way useful. Unfortunately his authority and prestige were not as well established as one might wish, partly through his own fault. France was resolved to do everything to strengthen his authority.

Schuman then specified following French program for immediate future:

(1) Maintain structure of March 8 agreements as they now exist. While they must be respected for the moment, they are obviously not the last word. Unfortunately it is not possible to say this now to Viets but obviously after war agreements probably will be modified.
(2) Creation new Ministry of associated states which would be accomplished in next few days.
(3) Remove all limitations imposed by March 8 agreements on right of associated states to send diplomatic mission abroad.
(4) Set up by negotiation with associated states in next few weeks, joint services for reserved questions such as currency, customs, immigration and foreign trade, with French supervision reduced to minimum consistent with practical aspects of situation and use of French technicians as requested by associated states.
(5) Creation of national armies in Indo-China which would eventually permit French troops to withdraw to bases as provided in March 8 agreements.

In conclusion, Schuman stated belief that this policy which was only one possible and which he hoped was wise would succeed and would put end to financial and military hemorrhage which was sapping France's strength. If France had political understanding and military aid of US he was sure it would.

I replied I was glad to hear this wise and progressive statement of policy and to see that we looked at matter much as French did. I then made following points:

(1) We are all agreed on strategic importance of Indo-China: if it goes, SEA goes.
(2) Primary responsibility rests on France and US role is supporting one. Our effort is not one of substitution but of help in order to relieve burden of France by insuring success of entire operation.

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(3) Great burden of work must necessarily rest on peoples of areas; as they take over administrative and military burden, France will be correspondingly relieved. We are entering critical period which must be measured in weeks, not months. First enthusiasm for Bao Dai is subsiding and things are at dead stall but they must not be allowed to slip back. Many fence-sitters must be won over soon.

(4) Believe we can work out aid question satisfactorily. During next six weeks present fiscal year we must obviously depend on appropriated funds. For next fiscal year we must plan on what administration has been successful in obtaining from Congress. As for amounts, comparisons are odious. We must assess needs of particular area. We will press forward energetically with military and economic program. In realm of figures, I could say on confidential basis that about $20,000,000 are available for remaining six weeks of fiscal year but no estimate possible for fiscal 1951 until appropriations made by Congress.

At my request Bohlen explained difficulties in availability of type fighter aircraft desired by French, stated that 37 mm ammunition was being readied for early shipment and that our respective military authorities were in daily contact in order expedite procurement and shipment on mutually recognized urgent basis. (Exact details as authorized by Tosec 120 and Ecato 488 [8] will be communicated to French authorities by Bruce and Blum.)

Schuman gave thanks for our promises which he hoped would soon become reality and added French Government saw therein proof of wider understanding, friendly cooperation and solidarity of purpose.

I then said tripartite statement as suggested by French in London seemed unrealizable because of British desire to consult Commonwealth.[9] I, however, was willing to make unilateral statement and had draft ready.[10] Did Schuman also wish to make statement?

Schuman replied he would give answer in afternoon after examining our draft. He then made this final point. French had enjoyed good relations with our special missions in Indo-China and owed them a lot. French thanks were particularly due to Jessup for his objective assessment of tangled situation. In future, however, it would be useful if instructions were given to mission inspired by, and based on, our common objectives and members should be guided thereby with Viets, lest contrary attitude be exploited and contribute toward maintaining Indo-Chinese in present state of passivity and watchful waiting. Viets are too prone to avoid their responsibilities under present agreements

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[8] Tosec 120, not printed; Ecato 488, dated May 5, vol. VI, p. 801.

[9] Regarding the discussion of a tripartite statement on Southeast Asia at the London preparatory meetings, see pp. 935 ff.

[10] A copy of the draft under reference here has not been identified in the Department of State files; however, regarding the further consideration of this draft, see telegram 2186, *infra*.

in hope of getting something better. They must be told to get on with their business—administrative and military—abide by present agreements and expect to achieve further powers on basis of experience gained and accomplishments achieved. US representatives could be most useful in driving these ideas home.

Resumé of afternoon meeting follows.

Sent Department 2185, repeated London 616.

[ACHESON]

396.1 LO/5–950 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET NIACT PARIS, May 9, 1950—1 p. m.

2186. From USDel. Re Embtel 2185, repeated London 616.[1] Summary French-US ministerial conversations, May 8, afternoon session.[2]

Schuman opened by indicating French agreed to our proposed statement on Indochina with minor drafting modifications which were still under discussion.

Item 4: Closer association, sub-item a: NATO.

At Schuman's invitation I opened by stating that at London three delegations had agreed on principle of strengthening NATO whose meetings are too episodic in character by creating continuing body and strong executive. It was obvious that further work on tripartite basis was necessary before agreed project could be placed before Council.

Schuman observed there was tripartite agreement on necessity of permanent and continuing body: since ministers cannot sit continuously they must be represented by deputies. British at London revealed certain doubts as to composition and powers to be given to executive body but agreement should be easy to find. French preference was for committee of three chosen from among deputies on basis of their high individual quality, not of countries they represent.

I admitted to being puzzled by arguments over powers of executive body. As I understood it, NATO as a whole has only powers of recommendation to governments. Question is purely organizational: there

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[1] *Supra.*

[2] The meeting was held from 3:00 to 5:30 p. m. at the Ministry of Foreign Affairs. In addition to the five members present at the morning session, Merchant, Harriman, McCloy, Byroade, Wallner, and the Honorable John Sherman Cooper, Special Adviser to the Secretary, participated for the United States and the French Delegation was enlarged by the presence of Bérard and François-Poncet. A copy of the French Delegation minutes of this meeting was transmitted as enclosure 2 to despatch 1065, from Paris, May 12, not printed (396.1 LO/5–2250).

must be one focal spot towards which all available facts and recommendations of subsidiary bodies converge, and an able executive assisted by highly qualified staff to do work.

Schuman said he saw problem as follows: on top there was Council of Ministers meeting once or twice a year; below that permanent Council of Deputies meeting once a month or oftener, within which would be created executive committee of three aided by secretariat to implement decisions reached. Schuman feared that susceptibility of small nations would make them shy away from approving idea of one man endowed with great executive powers and recalled difficulties in getting agreement to establishment of standing group. He added, however, that French position was not rigid and if highly qualified man could be found and was acceptable to all, France would be glad to agree.

I said that I had no fixed views but felt that we should not uselessly complicate machinery. Essential thing was to set up body which would supply Foreign Ministers with full information with which to resolve problems of coordination within their own government. Schuman replied that he would be agreeable to leaving it to the deputies to nominate one person or a group of people to do the essential work we all agreed had to be done.

At Schuman's request we reversed order of sub-items (*b*) and (*c*) and took up "long-term economic relationships with US."

Schuman opened by suggesting it was not too soon to study what US relationships with Western Europe would be after 1952, and stating French view that this relationship must be given organizational expression outside NATO. Although Article 2 of NAT provided for discussion of economic questions, 8 out of 18 European countries do not belong to NATO and some would be reluctant to join. Schuman said he would like nothing better than to bring economic organization under NATO in form of "Atlantic High Council of Peace" as suggested by Bidault,[3] but no such scheme was able to avoid stumbling-block of unwillingness of certain countries to join organization with such clear military objective. Using NATO framework would create new iron curtains on our side of present Iron Curtain. Hence, France had proposed relationship between OEEC countries and US and Canada. UK had not accepted this at London. Since we had time to resolve these questions before 1952, perhaps we might agree to refer whole problem to study group.

I replied that while we must discuss this question at further length on tripartite basis, I was personally sympathetic to Schuman's idea.

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[3] For further documentation on French Prime Minister Bidault's proposal for a North Atlantic High Council of Peace, see pp. 54 ff.

US Government is devoting intensive study to problem of post-1952 relations with Europe and President has entrusted Gordon Gray with mission of studying all aspects of problem and has instructed entire executive department to furnish him full cooperation. This should result in full report by summer which might be referred for study to body of distinguished citizens whose views could lay basis for preparation of US public opinion and perhaps for recommendations to Congress. Executive branch of US Government fully accepted principle of continuing US interest in Europe after 1952, but obviously practical measures which this principle called for would require new departures in traditional US policies related, for instance, to tariffs, and public and private US investments. I likewise emphasized that our policy as it evolved would be closely connected with (*a*) what Europeans themselves accomplished in way of closer association of their economy and (*b*) with our coordinated defense effort which must have sound economic basis. It seemed to me that if we all were to succeed, problem must be viewed in new broad setting. I expressed hope that we could reach further conclusions on tripartite basis during which we would discuss implementation of specific measures such as European payments union.

Schuman agreed that this question should be left for London.

Item 4 (b)—Germany.

I stated this was one of our biggest problems and while I anticipated that no action would result from present bipartite meeting, I hoped our discussion would help identify issues and accelerate momentum toward solutions. I then observed that our analysis took as point of departure two basic facts,

(1) Military occupation operates on the law of diminishing returns. While estimates of period remaining to occupying powers to make effective their influence varies from 18 months to 3 years it was clear that HICOM could not effectively last forever and we must quickly agree on solutions for future. (I made clear that I was not referring to withdrawal of military forces from Germany.)

(2) Germany must be irrevocably aligned to West.

Acceptance of these facts inescapably led to following conclusions on (*a*) we must offer security to Germany and (*b*) we must offer Germany economic future with promise of higher standard of living.

In examining these conclusions one had choice between defeatist attitude of handing over all powers immediately to Germans or more positive attitude that HICOM must on basis of experience return powers by anticipation rather than under pressure or compulsion.

In security field we should not contemplate building up German military forces. If we strengthen and consolidate military strength

of Western world under NAT, Germany will feel progressively more secure since this would diminish aggressive possibilities of USSR. We might also contemplate changing the emphasis and functions of our military occupation forces in Germany so that Germans would come to look upon them not as symbol of coercion but as representing outpost of defense of West and hence occupation costs would become in German eyes German contribution to Western defense rather than punitive cost of losing war.

Re economic security, I stressed that opportunity for economic development must be offered Germany through German participation in broad economic organizations and through possibility for exports to Africa and other backward areas as development schemes for such areas evoke [*evolve?*]. Likewise Germans should be given chance to move freely about Western world and so rid themselves of prevailing claustrophobia.

In return, Germans must learn to behave like mature Westerners, refrain from making trade agreements with USSR in conflict with Western trade policy, stop haggling over joining Council of Europe, adhere to GATT, cooperate faithfully in OEEC and put stop to any tendency to play off East against West.

I then listed three problems requiring urgent action: (1) unity inside HICOM must be preserved and recurrence of recent case of flagrant free-wheeling by one power must be obviated;[4] (2) HICOM must start now to lay plans for gradual and progressive relinquishment of its powers with establishment of time-table, constantly revised and kept up to date, which would insure that these relinquishments would be made on our own terms and in advance of German pressure; (3) idea of European integration, which has considerable basic appeal in Germany, must be kept alive by series of specific measures leading towards progressive integration of Germany into Europe and Western world.

Schuman replied that my outline corresponded both generally and specifically with present French policy which he summarized as follows: (1) establishment of progressive program for gradual resumption of sovereign powers by Germany, it being understood that in meanwhile occupying powers retain final authority; (2) reintegration of Germany in Western community at rate which Germans would be made to understand would correspond to German behavior and achievement; (3) French ideas on occupation closely coincide with those of US: its length should depend on achievements and good-will

[4] According to the minutes referred to in footnote 2, Secretary Acheson meant the announcement by a High Commissioner (presumably Sir Brian Robertson) to the press that he was "not making common cause with his two colleagues."

of Germans; (4) agreed that occupying powers must retain initiative: Germans must not be allowed to feel they are setting pace by obstructionism and pressure.

Schuman said that on this basis we could contemplate modifying occupation statute at agreed date (October) but that we should start now joint studies on requisite measures in order to be ready for autumn. Agreeing that HICOG's authority must be reinforced he suggested expression of government's solidarity with their HICOGs be included in communiqué from London in order to dispel prevailing impression in Bonn that wedge could be driven between HICOGs and governments. Schuman agreed to time-table idea if we agreed not to inform Germans: we had had enough trouble as result of setting definite term to re-examination occupation statute.

I agreed we should not inform Germans of time-table.

Schuman, assuming my previous remark about disunity in HICOM referred divergence and appeal by French to governments re Law 75,[5] explained that parliament decision had obliged French to take this position. He added that HICOM's history showed such crises occurred seldom and assured me that France's policy will be for united front in Germany and this is essential if we are to overcome German endeavors to break this front. He expressed optimism for success in integrating Germany into West, best proof of which was fact that this policy now had received approval in public opinion of three countries. As for France, despite three invasions by Germany he was proud to note French people had accepted a policy of cooperation and reconciliation with Germany as progressive as that of any other power.

Explained to Schuman that my remark about free-wheeling had not referred to action of François-Poncet (who was present) but to that of another high commissioner, adding that no HICOG could be criticized for carrying out instructions of his government.

While we agreed to reserve discussion of specific German problems for tripartite meeting, Schuman wished to play bilateral issue re control powers over new state or states which would emerge from fusion of Baden and Württemberg, which he said was not immediate.

I indicated that at London I would take strong position looking toward concerted action to forestall serious trouble in Berlin on May 28.[6] Schuman said he thought USSR would not push things too far if Western powers took proper precautions.

Schuman then referred to question of US press statement re Indochina and suggested certain changes in our text to which I agreed.

[5] US/UK Military Government Law No. 75, "Reorganization of German Coal and Iron and Steel Industries."

[6] Documentation on the *Deutschlandtreffen* in Berlin, May 26–28, is scheduled for publication in volume IV.

(Changes were later telephoned to Department and agreed text appears in Embtel 2184, repeated London 615.[7])

Schuman and I agreed that nothing should be given to press other than US Indochina statement which French would publicly welcome. They would not issue parallel statement of their own. Otherwise our line would be that these talks were purely preparatory for tripartite conversations in London.

Before breaking up, I made final plea to Schuman—saying I would make same plea to Bevin—for French contribution to Palestine Refugee Agency. Schuman explained that until French budget was passed, he could not introduce bill for supplementary appropriations to cover PRA but hoped to do so in June.

Sent Department; repeated London 617, Frankfort 313.

[ACHESON]

[7] Not printed; for the text of this statement as released to the press at 7:00 p. m. (Paris time), see editorial note, vol. VI, p. 812.

396.1 LO/5–950 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 9, 1950—midnight.

Secto 209. First session US–UK Ministerial conversations held this morning.[1] US side: Secretary, Douglas, Jessup, Cooper,[2] Harriman, Perkins, Bohlen, Labouisse. UK side: Bevin, Younger, Strang, Davies, Jebb, Wright, Makins, Shuckburgh, Hadow.[3]

Following summary of meeting, exclusive of preliminary private conversations with Bevin:[4]

1. Bevin opened by extending welcome and expressing hope talks would be successful and would bring us closer together "even though pretty close now". Said must be careful in US–UK talks to avoid arousing suspicions other countries, which were usually over-sensitive to such meetings.

[1] The meeting was held at 11:15 a. m. at the Foreign Office. A set of the records of decisions for this and the three subsequent U.S.–U.K. ministerial meetings, designated MIN/UKUS/DEC/1 ff., is in the Conference Files: Lot 59 D 95: CF 26.

[2] The Honorable John Sherman Cooper, Special Adviser to the Secretary of State.

[3] Kenneth G. Younger, Minister of State; Sir William Strang, Permanent Under-Secretary of State for Foreign Affairs; Ernest Davies, Parliamentary Under-Secretary of State for Foreign Affairs; Sir H. M. Gladwyn Jebb, Deputy Under-Secretary of State (Political) for Foreign Affairs; Michael R. Wright, Assistant Secretary of State for Foreign Affairs; Sir Roger Makins, Deputy Under-Secretary of State (Economic) for Foreign Affairs; Charles A. E. Shuckburgh, Secretary General for the conference; and Robert H. Hadow, British Delegation secretary.

[4] No record of Secretary Acheson's private conversation with Bevin has been found in Department of State files.

2. Agreed best not issue communiqué on bipartite talks but would decide each day whether desirable say something press.

3. At Bevin's request, Secretary spoke first on Item 1 of agenda.[5] Secretary said would prefer use own words rather than follow paper prepared by officials.[6] Took following line: much thinking and worrying in Washington about developing situation; next three or four years most critical ones; west falling behind; Soviets putting great deal into military preparedness, more relatively and in absolute terms than west; these preparations plus atomic developments mean considerable danger from mid-1952 through 1954. Question is what needs to be done?

Following considerations important:

a. Defense. Good start made in defense planning, but report Defense Committee shows effort this field will require greater effort than economies of Western Europe can stand.[7] Must take steps to strengthen west and must not say is "too much of an effort."

b. Germany. Must build into west. If Germany not with west situation dangerous; if Germany with east problem insoluble.

c. Southeast Asia. Cannot afford to lose to Soviets but question how to strengthen. Is vital, though secondary, theatre as compared to Europe but must see what can be done.

d. Japan. Involves question peace treaty.

e. Propaganda. Must study information programs in order determine how make more effective and how coordinate.

f. Organization. Must determine if any new organizational steps necessary but first thing is to find out what needs be done and then see if existing organizations adequate or if new ones needed. Secretary referred then to NAT saying should be strengthened. Vigorous forward motion and drive lacking and cannot be furnished under existing set-up; work falling between committees; need set-up which will enable identification things to be done and then permit needling of persons who should act; question as to whether have permanent commission or something else will be discussed later; clear that need more than mere secretary, and that should be one person of stature in organization who can talk on equal terms with council members although subject to council authority.

On *economic side* Secretary said might consider some participation by US and Canada in OEEC; main point was to consider how any act or failure to act affected strengthening of west.

4. Bevin replied along following lines:

UK in similar position to US although is not so far from Europe and is under its shadow and feels importance military power on continent. Was disturbed at thought Soviets might develop two big civil wars, one starting from Eastern Germany and one in SEA; Soviets can start civil wars and not participate, saying this Stalin's method; cited Greece as example, saying if US had taken different action Stalin

[5] Review and agreement on common worldwide objectives in light of assessment of our current position in cold war.

[6] Presumably Secretary Acheson was referring to MIN/TRI/P/1, p. 1075.

[7] For documentation on the work of the NATO Defense Committee, see pp. 1 ff.

may not have failed; must consider immediate possibilities these civil wars, citing quick Soviet recognition Ho Chi Minh and developments Eastern Germany.

Bevin thinks issue between Soviet philosophy and western civilization must come to head in few years but did not know if three or four years right guess. Agreed that must strengthen NAT and build military defense but must be based on economies that will carry weight without jeopardizing standard of living. Believes this can be done if coordinated action of the Atlantic community. Assets and potential of Atlantic community greater than Soviets and would have no fear if we take proper action. However, if look only at Europe and UK would take long time to get people to think they had sufficient strength, citing low French morale.

Bevin then made his "first submission" citing need blending other parts Atlantic community and saying UK has dual approach, each one helping other: (*a*) organize Europe as efficiently as possible and (*b*) keep under umbrella of Atlantic "organism". In order for UK to carry load must maintain sterling area arrangements and Commonwealth, also must eliminate misunderstandings as to their meaning and purpose. These can make contribution to solution SEA problem.

As to *Germany*, hopes Adenauer follows lines of policy agreed last conference.[8] First step of which would be join Council of Europe which though not much in itself, means Germany has "joined club". Would go long way to facilitate reuniting of Europe. Our responses would be gesture of reciprocal confidence in realm foreign relations. Soviets would regard Germany joining Council as one of its greatest setbacks.

As to *NAT*, anxious get effective "organism", creating closer association which would appeal to public. Said OEEC runs to 1952 but NAT many years. However, must consider what role OEEC will play after 1952 as it is instrument we can use to weld France and Germany together. Questioned necessity creating other organization. Summarizing, Bevin said Soviet determined establish Communism over world; will bide their time; will use any possible means. Only answer is build strength and determination of west both military and standard of living.

As to *SEA*, Bevin said UK took desperate step in getting out of India; weakened position in SEA. But with US and Commonwealth help, hopeful of settlement between India and Pakistan. If can hold these can hold all SEA, but if India goes extremely difficult. Said Stalin plays weak points and mentioned problem Indo-China. Ended by saying UK cannot do much this area economically but can help in cooperative efforts with Commonwealth and others.

5. Secretary then added comments along following lines:

Defense. Important to make start. Secretary Defense examining defense plan as to adequacy and we hope to move along in US. Secretary also expects satisfactory action MDAP.

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[8] For documentation on the discussion of Germany at the Foreign Ministers meeting in Paris, November 9–11, 1949, see *Foreign Relations*, 1949, vol. III, pp. 305 ff.

Economic. Necessary to have broader economic base in order support increased defense effort, including increased forces. Clear to US that our interest in Europe does not stop in 1952. Referred to President appointment Gordon Gray to see what steps must take, such as opening markets in US and other Western Hemisphere countries, examination investment programs which have dual effect of strengthening other areas and building new markets. Hopes will be some progress by mid-summer and definite and clear program by year end, including public information as to need of situation. Success depends on three things:

(*a*) Defense program, joint efforts.
(*b*) US action in economic field.
(*c*) Reinvigoration European economies.

On latter point stressed importance Europe taking action to strengthen own economic system. Agreed generally with Bevin on *Germany* saying two essential factors: security, and ability to earn living. Increased strength of west would have great effect on Germany, which responds to strength. Not talking of rearming. Germany could make contribution; might change concept of occupation to indicate German outpost of west, and consider occupation costs as her contribution to forces protecting her. Secretary said economy of Germany in bad shape. Debtor position forces German trade to east. If we open markets in west, give opportunity for Germany to participate in development of underdeveloped areas and give opportunity for people to move about, will help much.

As to *SEA* have much trouble. Mentioned Philippines saying problem there not primarily economic. Said would do all we could help France in Indo-China but necessary for "fence sitters" to support Bao Dai. Reported on agreement with Schuman that major effort is France and all we can do is add to, not substitute for, what France doing. Main question in Indonesia is whether Dutch really putting backs into trying make things work. Said UK carrying ball in Malaya and Burma, but we would do whatever we could to help. Ended by expressing hope Dominions would go through with Colombo resolution.[9]

6. Bevin then said necessary to get down to practical steps. As to defense, said UK in dilemma but did not lack determination. Bevin mentioned increase of 100 million pounds in military budget following WU meeting, bringing total defense budget to 780 million pounds. This increase in order strengthen west and could not have been done except in this context. Said biggest handicap to UK in battle vs Communism was its balance of payments. Makes no difference what party in power, result same. People prepared make sacrifices but cannot do the impossible. After mentioning that amount involved in balance of payments disequilibrium was not great, said "just as it is wrong to delay on military end, is wrong to delay on economic side". Hopes some understanding can be reached this matter during discussions.

Turning to colonial question, Bevin said was worried. Hoped US

[9] For documentation relating to the Commonwealth Foreign Ministers conference at Colombo, Ceylon, January 9–14, 1950, see vol. VI, pp. 1 ff.

would take new look in light of developments in UK colonial policy. Would be fatal to our defenses if we lost colonial areas.

Meeting then adjourned for lunch.

7. Only significant parts of Bevin's remarks were emphasis (*a*) on need for cooperative effort "under the Atlantic community umbrella" as distinguished from European cooperative efforts, and (*b*) on limits which UK economic and financial situation places on UK's ability to build her defenses and contribute to the solution of the SEA problems.

Subsequent telegram will report afternoon session.[10]

Sent Department Secto 209, repeated Paris 805.

[10] Secto 208, *infra*.

396.1 LO/5–950 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 9, 1950—midnight.

Secto 208. Summary US–UK ministerial conversations May 9, afternoon session.[1]

1. Referring to items B 3, 4 and 5 US–UK agenda,[2] Bevin opened by expressing view all three raise single question of US–UK roles in our partnership and asked our views. I expressed view there was general agreement in broad terms on these points, but important thing was to get down to specifics. Reaffirmed US general view importance of strength of sterling area, and of an EPU. Suggested consider further specific issues limiting strength of West and what each can do. Bevin agreed.

2. Bevin opened on colonial issue and US position in Trusteeship Council. Agreed to full discussion of positions with hope agreement possible before next UN meeting.

3. Bevin stressed urgency of informing Australia and New Zealand of their role in defense of Pacific. Pointed out affected their ability to help UK elsewhere, interested both from standpoint strategic planning and Japan settlement. Replied former military matter on which uninformed, and latter question would prefer to discuss frankly in smaller session. This agreed.

[1] The second meeting was held at 4:00 p. m. at the Foreign Office. In addition to the officials present at the morning meeting, McCloy, Byroade, and Edwin M. Martin, Director of the Office of European Regional Affairs, attended for the United States and Sir Ivone Kirkpatrick, Permanent Under Secretary of State for German Affairs, and Maberly E. Dening, Assistant Under Secretary of State for Foreign Affairs, attended for the British, while Younger did not.

[2] In Secto 163, May 5, not printed, the United States Delegation reported that items 3, 4, and 5 of the agenda (telegram 1731, April 17, p. 835) had been consolidated under one heading reading "US–UK Relationship." (CFM Files: Lot M–88: Box 151: Secto Cables)

4. Lengthy discussion China policy followed, in which present and past positions and future possibilities reviewed. Bevin stressed importance of preventing present differences from developing into open split prejudicing cooperation elsewhere. Expressed strong doubts about value present UK position, both from general political standpoint, commercial standpoint, and effect on Southeast Asia. But not reversible, and future might prove it wise. I indicated US less likely now than six months ago to change its views. Bevin unable change stand now taken though failure to work out recognition arrangements may have same effect. He doubted likelihood of significant change in Chinese Government for several years. He felt Communists peculiarly qualified to deal drastically with traditional splinter tendency of Chinese politics. I made brief reference to difficulties of emerging from present UN situation respect China.

5. Discussed at some length TRI/P/19.[3] Agreed that officials should redraft in light of discussion. Agreed on preference for European

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[3] This paper, which superseded TRI/P/10 (transmitted in Secto 85, May 2, p. 905) and TRI/P/17, not printed, read:

"At its meeting on September 17, 1949 the North Atlantic Council determined that arrangements for its own organization should not go beyond those essential for immediate purposes. It was contemplated that the arrangements approved at that time would have to be expanded as the work of the Council progressed. It is now clear that additional arrangements are required in order to enable the Council to deal with the problems confronting it. There is therefore need for the Council to be so organized as to be able to meet regularly in order to give full consideration to the wide range of problems arising in connexion with the Treaty and to ensure the necessary action and coordination. To this end, each Government will appoint a deputy to its representative on the Council to act on the latter's behalf with full authority at Council meetings when the representative himself is not present. The Council at Deputy level will normally meet at ——. The Council, thus strengthened, will establish forthwith the necessary [executive] organization which, operating under the control and direction of the Council, will be responsible for stimulating and coordinating the activities of the entire North Atlantic Treaty Organization, and will include a general Secretariat.

"The Council and the proposed [executive] organization will, amongst other things:—

"(*a*) study the inter-relationship of the various plans prepared for the defense of the North Atlantic area [taking into account the economic, financial and political aspects] and ensure coordination of the work of the Defense Committee, the Defense Financial and Economic Committee and all other bodies established under the North Atlantic Treaty Organization;

"(*b*) recommend to Governments the steps necessary to ensure that effect is given to the coordinated plans prepared for the defense of the North Atlantic area;

"(*c*) exchange views on political matters of common interest within the scope of the Treaty;

"(*d*) promote and coordinate public information in furtherance of the objectives of the Treaty while leaving responsibility for national programmes to each country;

"(*e*) consider what action should be taken under Article 2 of the Treaty." (Conference Files: Lot 59 D 95: CF 20)

With the change of the word "therefore" to "now" in sentence four of the first paragraph and the word "proposed" to "its" in sentence one of the second paragraph, this paper was submitted to the tripartite Ministers meeting as MIN/TRI/P/3.

location for central organization. Agreed new deputies and key full-time figure with small staff needed, they who should act in name of council.

6. Agreed should be directive to new central organization summarizing council actions on issues raised by Defense and DFEC reports to it. TRI/P/20 shelved pending council actions on these reports.[4]

ACHESON

[4] For the text of TRI/P/20, see Secto 143, May 4, p. 908, and footnote 3 thereto.

396.1–LO/5–1050 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 10, 1950—11 p. m.

Secto 216. UK–US ministerial meetings continued Wednesday morning with items 6(*b*), (*c*); 7 (*a*); 8(*a*).[1] Discussion item 8 reported in separate telegram.[2]

Opening discussion Bevin referred to papers MIN/UKUS/P/2[3] on US–UK economic relations; MIN/UKUS/P/5[4] on continued consultation; MIN/UKUS/P/8[5] on UK relation to West Europe which he felt embodied generally most of points with which concerned. Secretary indicated general agreement principal points in P/8 and noted that underlying whole question was concept that closer relationship of US and Canada with Europe would make it easier for British to play necessary role in Europe but that form of this relationship had not been spelled out. Four lines of development were possible: (1) closer association among European countries, (2) further expansion NAT activity in nonmilitary fields, (3) closer association between US Canada and Europe through OEEC, (4) new organization. Bevin

[1] The meeting was held at the Foreign Office. Attending for the United States were Secretary Acheson, Douglas, Cooper, Jessup, Harriman, McCloy, Perkins, Bohlen, Byroade, Martin, and Hare. Attending for the British were Foreign Secretary Bevin, Younger, Strang, Kirkpatrick, Davies, Makins, Jebb, Wright, Hadow, Roderick E. Barclay, Bevin's Private Secretary; Sir Brian Robertson, British High Commissioner for Germany; Sir Frederick Hoyer Millar, Minister at Washington; Sir Roger Robertson, and Lord Henderson, Parliamentary Under Secretary of State for German Affairs.

[2] In the original agenda, transmitted in telegram 1731, April 17, p. 835, Item 8 had been Japan. Apparently in subsequent discussions this was changed to the Near East.

[3] For the text of MIN/UKUS/P/2, see Secto 108, May 3, p. 957, and footnote 3 thereto.

[4] Dated May 6, p. 1072.

[5] For the text of MIN/UKUS/P/8, see UKUS/P/9, May 5, p. 967, and footnote 2 thereto.

indicated opposition to establishment of new organization. Secretary said inclined agree no new machinery required; that he had no firm view at present time as to most appropriate form of relationship and that he felt general question would have to be discussed further in Tripartite meeting.

Referring to Bidault's proposal for new Atlantic Council Secretary said he had gained impression from Schuman that French were not going to push that proposal and were now more interested in some form of association between OEEC and Canada and US.

Makins for UK indicated that premature to take final decision on question of longterm relationship between US and Europe but desirable to study how Article 2 of NAT should be implemented. In course of study, question of relationship with OEEC and Council of Europe would arise. OEEC and present US relationship to it would in any case continue until 1952 so that there was no urgency in establishment new procedures for providing for that relationship. In UK view it would probably be desirable some time in future for Germany to be associated with Pact in some way.

Secretary inquired whether British and French assumed that at this meeting it would be necessary to take a definitive decision on question of future relationship between US and Europe. Makins indicated UK view that it would be sufficient for Ministers to welcome US statement on longterm relationship with Europe and to indicate willingness to give all possible assistance in working out necessary arrangements. He reiterated UK view that it was not desirable establish organic relationship between OEEC and US and Canada at this stage.

Secretary indicated general agreement with this approach and referred to specific problems which he felt should be settled promptly, i. e., petroleum and EPU. Makins indicated British reply to US memo on petroleum [6] would be given US shortly. Secretary emphasized undesirability prolonged negotiations this subject but there was no substantive discussion. With respect to EPU Secretary indicated he did not wish to discuss technical aspects but did wish emphasize importance of reaching agreement promptly, particularly in view fact that present payments arrangement would expire June 30, and indicated that agreed proposals from experts were required by May 15 if Council to act when it met June 2. Makins indicated reply from British experts now before ministers and could be expected before end of week. Harriman emphasized that EPU most crucial matter before OEEC and referred legislation now before Congress which

[6] A copy of this memorandum on the sterling-dollar oil problem was presented to the British Embassy on March 29, 1950 (841.2553/3–2950).

if passed in present form would earmark $600 million for a satisfactory EPU.

Although not formally agreeing to papers P/2 and P/8 they were noted by ministers as generally acceptable.

Turning to question of Germany Bevin indicated concern with French view that Germany should not join North Atlantic organization either now or any time in future. Agreeing, Secretary said he felt that although Germany could not be brought into Pact now it would be great mistake to reach a decision at this time that Germany should never be associated with North Atlantic community. He then referred to immediate problems of how Germany could make necessary contribution to strengthening of West and necessity for planning ahead so that as HICOM relinquishes controls other arrangements are sufficiently developed. He stressed importance of a planned relaxation of direct controls in Germany rather than a change under pressure. Bevin agreed.

Secretary suggested useful to exchange views on what we each meant by a relaxation of controls and requested McCloy to give US views. McCloy expressed view that UK placed greater emphasis than US on control over foreign affairs while US more concerned than UK with internal developments. In our view internal situation was the key to peace; we felt we had opportunity, for a limited period, of developing in Germany a democratic pattern of life. Much could still be done to shape future but better understanding required between US and UK on how this could best be done. Bevin said he assumed it had been agreed last week that German Government should have more freedom with respect internal affairs;[7] that unless we turned over domestic affairs to Germans there was danger of their becoming too dependent on control authorities and thus avoiding necessary internal decisions. Secretary agreed that Germans should become increasingly responsible for domestic affairs but reemphasized McCloy's statements about importance of ensuring development of democratic Germany rather than relying upon security controls. Robertson while agreeing with McCloy that security better assured if Germany were democratically inclined than it was through various devices of control, felt we should influence Germans in ways other than by vetoing German legislation which tended to shift responsibility from the Germans and involved High Commission in German

[7] For documentation on the work of Subcommittee B on the German question, see pp. 913 ff.

politics. Bevin indicated he considered Germany most important item on agenda and suggested that in tripartite talks adequate time be set aside for discussion of divergencies in approach to German questions. He suggested three powers agree on a "code of conduct" in order minimize differences among themselves. Referring to Adenauer's decision yesterday re German membership Council of Europe [8] and Germany's increasing role in Europe, he emphasized necessity for united guidance from three powers.

Turning to item 7, East Europe, Secretary summarized understanding reached in preparatory talks, i. e., that no useful purpose would be served by negotiations with Soviet Union this stage but that if public opinion required such negotiations, question of agenda, etc., should be further discussed. No further consideration this item on bipartite basis considered necessary.

Sent Department Secto 216, repeated Paris 814.

[8] Documentation on West German membership in the Council of Europe is scheduled for publication in volume IV.

396.1–LO/5–1150 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 11, 1950—2 a. m.

Secto 218. US–UK ministerial conversations late yesterday morning and during afternoon [1] covered Items 8, 14, and 12 of agenda in that order.[2]

1. Following question discussed under Item 8 Near East:

a. Arms and stability. Secretary emphasized importance to US of question of arms shipments to Near East. He stated we appreciate importance of military steps which are being taken in area from point of view of strengthening area security from external aggression. He understood US and UK military in agreement this question. However, arms shipments have caused public excitement, which should be alleviated both at home and Near East. He suggested we should examine situation from point of view of assuring arms shipments

[1] The fourth meeting was held at the Foreign Office. Attending for the United States were Secretary Acheson, Douglas, Cooper, Jessup, Bruce, Harriman, McCloy, Perkins, Bohlen, Hare, and Stinebower; for the United Kingdom, Foreign Secretary Bevin, Younger, Strang, Davies, Makins, Jebb, Hoyer Millar, Dening, Wright, Barclay, and Hadow.

[2] The Near East, Libya and Eritrea, and India, respectively.

not in excess of those required for attainment area security objectives and that we should also consider possibility of making public declaration expressing our opposition to arms race and to aggression, asking states in area at same time for assurances re non-aggressive use of any military items supplied. If such declaration made it would then be possible to go forward with necessary steps to make Near East secure. Bevin replied that he appreciated attitude which US Government had taken toward this problem which presents so many complications for UK. He mentioned risk that states in area would turn to USSR and satellites for arms if they could not get them from us.

This question reverted to during afternoon session. Bevin stated he thought proposed declaration re arms and stability [3] was good idea and said he wanted agree in principle if he could. He suggested question be considered further at officials' level. He said proposal raises certain complications for UK, particularly in connection UK treaty obligations with Egypt, Jordan and Iraq. UK cannot tell Arab states with which it has treaties that it will unilaterally alter or interpret treaties as it sees fit. He thought only thing to do was to go to four states in area principally concerned (Egypt, Jordan, Iraq and Israel), tell them frankly what we are considering and ask them if they would comply by giving assurances. We would have their reactions by end of meeting and could then make our decision re declaration in that light. On question assurances, Bevin in off-record statement, said he had always been in difficulty with Egypt which UK had sometimes treated rather shabbily in past by furnishing it with "junk" in way of arms. Intensification of Egyptian nationalism had resulted in growing feeling for proper army in hope Egypt and UK would become Allies on equal terms. A great deal of disparagement of Egyptian as a soldier is unfair. Egypt is key point in Middle East. If we ask for assurances what would we say to Egyptian charges that we were limiting their army? Similarly, if Soviets began stirring up Kurds, would Iraq be able to say UK withholding from it weapons required to cope with situation?

Secretary replied that nothing we had suggested would have any limiting effect on complying with security needs of area. We should go right ahead with plans to strengthen security, if such plans are right. Need is for something to quiet intra-Near East unrest. States most vitally concerned already bound by armistice agreements. Moreover, they have told us they didn't want to attack. If we can announce that everyone has given us assurances re non-aggressive intentions by series unilateral declarations, these declarations would add up to something short of, but having similar effect to, a non-aggression pact. US and UK could then follow up by saying our sole purpose in furnishing arms is to strengthen security of area. He then read para-

[3] For documentation on the discussion of a declaration concerning arms shipments to the Near East, see pp. 975 ff.

graph 2 suggested declaration as revised by Department (Tosec 153 [4]). We would make clear at same time that if anyone violates assurances it has given we would immediately take action both within and without UN. This should have quieting effect on area and on public opinion in US. Bevin said he thought UK could agree in principle and Secretary then suggested words and procedure be considered at working level. He gave Bevin copy our revised draft and suggested possibility reversing order paragraphs 1 and 2 in order place emphasis on area security aspect. Bevin asked whether we should discuss proposed declaration with Near East states, but at Wright's suggestion, it was agreed that question would also be pursued on working level. Bevin said he thought it important consult Jews and Arabs on subject since we did not want them to think we were sitting in London and deciding questions in violation of treaties. He felt, however, we must get this whole arms supplies question settled.

Secretary observed that proposed draft declaration has not been mentioned to French. He said he thought it would be useful to include French. They were supplying arms to Syria and this loophole should be plugged.

Wright here interjected suggestion which he had made to us May 8 (Secto 194 [5]) re possibility widening scope of declaration to include Greece, Turkey and Iran but both Bevin and Secretary agreed problem these countries irrelevant to situation towards which proposed declaration directed. Question reassuring statement GTI should be considered separately from declaration on Arab states and Israel in view different problems involved. It was also agreed that any draft declaration should make absolutely clear it was directed only toward Arab states and Israel.

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[4] The draft declaration transmitted in Tosec 153, May 9, not printed, read:

"The Governments of the UK, Fr and the US, having had occasion to review certain questions affecting the peace and stability of the Near East, and particularly that of the supply of arms and war material to the states of the area, have resolved as follows:

"1. The three Governments are agreed that the shipment of arms or war materials from the UK, Fr, or the US to the Arab states and Israel will be permitted only on the understanding that the purchasing country has given formal assurances of its intention not to undertake any act of aggression against any other state in the area.

"2. The three Governments recognize that all the states in question need to maintain a certain level of armed forces for the purpose of assuring their internal security and their legitimate self-defense and to permit them to play their part in the defense of the area as a whole. All applications for arms or war material from these countries will be considered in the light of this principle, and of the desirability of preventing the development of an arms race.

"3. The three Governments take this opportunity of declaring their interest in and their desire to promote the establishment and maintenance of peace and stability in the Near East and their unalterable opposition to the use of force or threat of force between any of these states. The three Governments, should they receive reliable information that any state in the area was preparing to violate existing frontiers or armistice lines would, consistent with their obligations as members of the United Nations, immediately take action, both within and without the UN, to prevent such violations." (396.1 LO/5–350)

[5] *Ante*, p. 988.

Secretary then reverted question French participation and Bevin said he agreed in principle that they should participate. (After meeting, Wright took occasion observe that whereas Bevin agreed in principle French participation, he wasn't certain whether Bevin had in mind participation in joint statement. He said he would try clear this matter up and let us know.)

b. PRA. Secretary reviewed present situation re contributions and inquired whether UK would be able increase equivalent 7 million now allotted. Bevin said he would make another attempt to increase amount but added this was very difficult problem.[6] He asked what French were doing and Secretary said they had put up nothing yet, but that he had also taken occasion speak Schuman this subject in Paris. Schuman said he hoped French could reach decision in June. Bevin was interested in what other countries could do and Wright mentioned possibility raising subject with French and Canadians during Atlantic council meeting.

c. Saudi Arabia. Secretary referred our suggestion re direct negotiations between SAG and sheikhs with UK advising latter.[7] Wright said UK proposed agree Ibn Saud's suggestion for fact-finding committee. He suggested joint Anglo-American approach to King welcoming appointment of committee and expressing hope that final settlement could be reached after it had reported. Bevin asked Wright for progress report on whole question.

d. Iran. Secretary said he thought both US and UK were agreed Iran not in good shape. He outlined steps which we had been considering to improve situation. He then raised question ratification AIOC concession, observing that US and UK seemed to be in agreement re desirability prompt ratification in order help Iran's economy. He understood there was some question of reserves and that because of this and other questions Iranians had not yet ratified agreement. Wright said agreement should come up for ratification in about six weeks. New UK Ambassador to Iran[8] not pessimistic re passage. Moreover, Iranians realize ratification of direct advantage to them because of contribution which royalties will make to seven-year plan. Secretary emphasized that main thing is to get agreement settled. Bevin inquired what UK can do to settle this question and Wright replied it can make maximum effort of explanation and pressure on Iranians.

e. Economic development. It was felt that the type of Anglo-American cooperation re economic development problems in the area as evolved in 1947 and 1949 should be continued.

2. Following questions under Item 14:

a. Eritrea. It was felt that since we were agreed on our objectives and that the two delegations had worked out best tactics there was no need discuss this problem further. Possibility Sforza[9] might wish discuss this problem during Atlantic Council meeting was noted.

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[6] On May 17 the United States Delegation reported that Bevin had told Acheson that the United Kingdom contribution to the Palestine Relief Agency had been raised to the equivalent of $9 million. Secto 292, not printed (396.1 LO/5–1750).

[7] For discussion of this suggestion in Subcommittee Q, see Secto 98, May 3, p. 979.

[8] Sir Francis M. Shepherd.

[9] Count Carlo Sforza, Italian Foreign Minister.

b. Libya. Bevin stated we were in agreement re our objectives in Libya but there was question of subsidy to Libyan Government in order that we might obtain strategic facilities we required. Wright outlined Pelt's [10] view that his cooperation in securement of strategic facilities was contingent on economic assistance to Libya. Pelt had already taken this line with UK which has assured him its intention to make financial contribution. Pelt will undoubtedly have something to say to US on this question. UK interested our attitude this question since it will have helped prepare way with Tripolitanians for US strategic arrangements.

Secretary replied we plan provide technical assistance Libya when Point Four program approved by Congress and that we also considering ways and means providing other financial assistance for Tripolitania.

Wright said it would be helpful know our plans soonest possible.

3. It was felt in view close agreement on objectives as reflected subcommittee's report [11] there was no need discuss Item 2 [*12*] (Indian Sub-Continent) further but that situation should be carefully watched.[12]

[10] Adrian Pelt, United Nations High Commissioner for Libya.

[11] MIN/UKUS/P/11, dated May 8, not printed (Conference Files: Lot 59 D 95: CF 25). For the report on the meeting of Subcommittee R at which this item was discussed and at which the agreements were reached on which the subcommittee's report was based, see Secto 142, May 4, p. 996.

[12] For a report on the second part of the fourth meeting, see Secto 217, May 10, p. 1031.

Editorial Note

In the week following the fourth United States–United Kingdom ministerial meeting members of the United States and United Kingdom Delegations continued to work on various drafts of a tripartite statement on arms shipments and security. By May 18 Bevin and Acheson had agreed on the text of a draft statement which was presented to Schuman on that day. For the text of the Foreign Ministers' statement as released to the press on May 25, see Department of State *Bulletin*, June 5, 1950, page 886. Documentation on the discussion of the various drafts is in files 396.1 LO/5–1250–1850.

396.1 LO/5–1050: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 10, 1950—11 p. m.

Secto 217. Following summary of second part fourth session US–UK ministerial conversations held this afternoon:

1. East-West Trade: Secretary opened subject with brief explanation difference between 1–*a* and 1–*b* lists; latter not prohibited

but subject qualitative control. Recognized control affected balances payments as well as security; there were differences even among "the soldiers" on security significance. We were pressing for agreement which we would like to get as close to US position as possible. Explained we unable do more by way of control than other countries do; said it was foolish to give USSR economic advantages this trade.

Bevin thought we were close together. Bohlen explained we were far apart on question of pre-consultation versus post-review.

In reply Bevin's question what we wanted them to do, Secretary said discussions are going on among experts but they unable decide issue of military importance denying trucks, for example, as against loss of trade. Hence question drags along on official level. Decision involves elements of judgment. We wanted list reviewed, troublesome issues identified and raised to ministerial level for decision.

Makins said UK felt US efforts to transfer items from 1–*b* to 1–*a* were in effect tantamount to asking for change in policy.

Secretary replied we wanted get away from words and to the real question: How much harm does this control do to you? It obviously does some good. Where does balance lie?

Bevin repeated he thought they were up with us; he would take up matter with Board of Trade.

French announcement on steel and coal:[1] Secretary referred his talk with Webb;[2] said our view was Secretary should make some statement. Showed Bevin proposed text as follows:

"The announcement yesterday by the French Government of proposals concerning the joint utilization of the coal and steel of France and Germany in an association open to other countries is a most important development. It is plain from the announcement that the spirit prompting it was the furtherance of *rapprochement* between Germany and France and progress towards the economic integration of Western Europe. These are objectives which have long been favored by the Government of the US. While it is obvious that through analysis and final judgment regarding the proposals must await the availability of details concerning it, Secretary recognizes with sympathy and approval the significance and far-reaching intent of the French initiative."

Bevin said following had been prepared this noon for background guidance Foreign Office News Department:

"HMG had no notice until yesterday of the French Cabinet coming to a conclusion on this problem and they have therefore had no time to go into the matter or arrive at any conclusion. It is an important proposal at this moment when the whole problem of Europe and the Atlantic community is under active consideration. HMG have always been anxious that a permanent solution of the age-long feud between

[1] For documentation on Schuman's proposal for pooling the coal and steel industries of Western Europe, see pp. 691 ff.

[2] The conversation under reference here has not been identified further.

France and Germany should be found. All the implications of any such scheme must, however, receive most detailed study."

Secretary indicated two comments very close, Secretary's would be given out in form of statement.

3. Continuing consultation: Secretary indicated he had not read MIN/UKUS/P/5 word by word, but that he had two thoughts which he wished to put forward: (1) the paper recognized the need for close working relationship and that we will continue to consult together. With that he was in full agreement; it was vital that our policies be as closely as possible in accord, we would continue as in past in close cooperation; (2) as to an agreed paper, he felt that undesirable. Willing to reiterate to Bevin our purpose of continuing consultation but did not want anything which could be misrepresented by critical comment as a secret agreement between two governments. Bevin agreed.[3]

4. Declaration: Secretary said would be glad to have people go to work on a declaration; if there is one it must be good; otherwise better none. Ought not cover every conceivable point but should be drafted from propaganda point of view; should be in most appealing and effective form. Bevin agreed work should begin this basis. Jebb explained French desire indicate willingness negotiate settlement (with USSR). Bevin rejected; said should not be in declaration; would be misunderstood. Reference this point could be made in twelve-power communiqué.

Sent Department Secto 217, repeated Paris 815.

[3] In a memorandum earlier in the day, Jessup had made the recommendation that MIN/UKUS/P/5 (p. 1072) not be approved before Secretary Acheson had "had a chance to study it in the light of the indications of the British attitude." Jessup referred to the "strong feelings" which Bohlen, Bruce, and Harriman had expressed about its implications and what the British might "be trying to read into the paper beyond its exact language." Memorandum for the Secretary, May 10, not printed (CFM Files: Lot M–88: Box 150: US–UK relations).

396.1–LO/3–1150: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 11, 1950—midnight.

Secto 230. (Section one of two.)

1. Following is summary first tripartite session with Bevin in chair.[1]

[1] The meeting was held at 11: 30 a. m. at Lancaster House. Attending for the United States were Secretary Acheson, Douglas, Cooper, Jessup, Bruce, Harriman, and Perkins; for the French, Foreign Minister Schuman, Parodi, Massigli, Alphand, de Margerie, and Lebel; and for the British, Foreign Secretary Bevin, Younger, Strang, Davies, and Jebb. The records of decisions for the six ministerial meetings are in Conference Files: Lot 59 D 95: Cf 21.

2. Discussed and agreed decide end each day what could be announced and along what lines, either as agreed communiqué or in press briefings. Acheson suggested and agreement reached that would release as much as possible each day to avoid news glut on Saturday.

3. Item 1. Review objectives in light assessment current situation. MIN/TRI/P/1.[2] Schuman said in general agreement but state of mind on continent should be remembered. Presentation Western position to world very important. During recent weeks Commie's orchestrated program for peace had made certain impression even on non-Commies. Very important increase our strength and ability resist and at same time stress human and democratic rights and devotion to peace. Tension and weariness growing on continent and this not best climate in which to get necessary efforts accepted by publics. In France East–West split more and more emphasized. One of main objects should be to allay anxiety and spike notion another war inevitable. Should not lull people but show need pool efforts and keep watch and let truth be known. Make clear that stronger we are less inevitable war becomes, that Stalin got ahead of us in preparedness, and that not our fault if possibility of conflict grown daily because of Cominform, subversion and similar activities. Indicate that there is some reason for anxiety but that we are taking that into account in our planning. Should not be too much talk of cold war. Should refuse countenance cold as well as hot war or that either inevitable and accept either only as obliged to. He thought this deserved attention in communiqué. He noted that there was some anti-American propaganda on continent arising from foregoing which all governments would counter to best their ability. Finally, there existed a certain temptation to neutrality in France. Though false and dangerous idea, it showed need to strengthen public opinion if public to support necessary measures. Communiqué could strengthen government hands in dealing with this kind propaganda, which was not all Commie propaganda.

4. Acheson clarified point that Ministers were not adopting paper as fundamental document or planning make it public. Should merely note that it contained good analysis of situation confronting West and statement of objectives we all hold. He would have been happier if paper put more stress on need for quick action. Were several points to realize and act upon:

(1) Should recognize dangers in situation which confronts us. Soviet Union has put so much of national income into preparedness that it has wide gap between its readiness and West's. Corrective

[2] Dated May 6, p. 1075.

action necessary if West not to reach point where consequences will flow from great disparity in military strength. So one of first action points is to make progress toward interim plan drawn up by Defense Ministers.[3] This is matter requiring immediate action for plan not a long-term but a mid-term plan.

(2) Follows that it is urgent to create economic foundation to support necessary military effort and the conditions of life in the West. Important to increase production and productivity, by national and international action.

(3) Follows that question of making full use of German production also matter of urgency. German economy had great potentialities and actual power, which should be drawn to service of West. How to accomplish this is matter to which we should give attention.

(4) In reviewing many pressing problems everywhere, necessary to have idea of priority. Heart of matter is vitality and strength of West, including relations in North Atlantic area. This takes first priority.

(5) But problems of Asia very important also. This is more of a holding operation until strength at center built up. Would be difficult to advance in two great areas at once. Should maintain position in East and be careful not to lose there while building in West.

(6) Question how our action presented to world very important. Should present action to increase strength in way that makes clear we have no aggressive intent. Schuman's ideas seem good. Show that strength greatest assurance of peace. There are all the dangers he mentioned: idea of neutrality, irritation towards US, notion that ideological conflict makes war inevitable. All these should be countered with truth.

(7) Organization. This not an end in itself but tool to make action possible. Want whatever is necessary to achieve action on problems requiring action.

Acheson closed by saying his remarks not to be understood as being in conflict with paper but as underlining points he thought deserved emphasis.

5. Bevin thought there was no great divergence of view. Items in paper seemed generally acceptable though not as formal paper or agreement. As to presentation he thought necessary to present Western position in different ways in different places. Commie problems on continent do make necessary there a different treatment than in US or UK. Called attention to enormous areas of world not organically linked to West where it was necessary to win support and other great areas in which there was uncertainty, where Communism not accepted but great pressure being brought and situation disturbing. Commies can take line best suited their purposes and disregard different lines they take elsewhere whereas West must stick to fundamental truths. He liked Acheson's 7 points. Would like to see principal

[3] For documentation on the NATO interim defense plan, see pp. 1 ff.

points in paper and [take] these points into account as guide in joint study of presentation Western case to world. Asked if this could be taken as conclusion of discussion item 1 and Schuman and Acheson agreed.

6. Item 2. General attitude towards Soviet Union. MIN/TRI/P/4.[4] Bevin said this something that needed to be faced. Many who believe that if we only went to Moscow we could negotiate, and who do not seem to realize fundamental difference between Soviet approach to life and Western.

7. Schuman said all were skeptical about negotiations. We were at an impasse. Soviet Union did not wish or attempt to discuss anything. United Nations slowly dying as result Soviet attitude and this cause for real apprehension. Soviet policy in satellites and China designed deepen split. Speaking freely, for French Government has not taken decision to recognize Chinese Communists, is there any way to get out of present UN situation? Problem closely related Indochina. Also Mao does not appear to be seeking recognition or to normalize relations. So problem of recognition not acute for France, but problem of Chinese representation in Security Council causes much anxiety. Not really question admission China for in by charter, but could almost be viewed as problem of verification credentials and perhaps might be helpful to view in this way. Should not allow problem to grow too much. Nationalists only represent small territory and that not really Chinese, but Japanese until treaty. Problem may become difficult even before meeting General Assembly, for example on question admission new members. Paper recommends in paragraph 11 that our representatives in New York consider in August. But is it likely that we will have made much progress by then? This is a very awkward state of facts to which we should not close our eyes. Finally, as to paragraph 4, and question of negotiations, French doubt that discussion can best be held in SC. SC would provide contacts but not opportunity for confidential discussions. So SC might furnish opportunity for discussions outside, or on margin, as it were, of SC.

8. At this point meeting adjourned until 3 : 30 p. m.

(Section two of two.)

9. Acheson said he understood Schuman's suggestion to mean that we should not wait until August for representatives in NY to begin study of problem.[5] Acheson saw no objection to discussions right away

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[4] Dated May 9, p. 1078.

[5] The afternoon session was held at Lancaster House at 3:30 p. m. In addition to those present at the morning session, McCloy for the United States and Makins for the British attended the afternoon meeting.

provided it was clear what they were to discuss. He thought that questions to be discussed related to UN:

(*a*) Can SC function with a permanent member absent?
(*b*) Problem of secretary general. Is it conceivable that anyone other than Lie can do job?
(*c*) Problem new members. Is it wise to proceed on this question?

There are other questions relating to UN which could be considered and on which we should try to get joint view. As to recognition of Chinese Communist regime, Acheson thought that was a question on which there were very few prospects that any progress could be made by joint discussions. Subject not tabu but there was nothing to be accomplished now. Soviet Union have insisted that their point of view be accepted. This is threat and coercion to which it is almost impossible to yield. Did not believe that it would be in interest of UN to give Russians ground to believe that all they had to do to force adoption their viewpoint was to exert pressure. Russian position probably not primarily related to UN but attempt to use UN to put pressure on West in Southeast Asia. To yield on recognition might have serious implications for West in that area. Also, Mao in no hurry, as Schuman pointed out and might find ourselves in humiliating position of having yielded only to be treated contemptuously, for Mao might remain out of UN. If this were only quarrel over credentials, much to be said for argument that one side represents more Chinese than other. But much more than that, and question cannot be separated from whole question of recognition and protection vital interests in Southeast Asia. This question may be one in which passage of time may be helpful (situation may move one way or another). UK-Chinese discussions may clarify. We don't know yet what will happen in Formosa.

10. Bevin said we had two questions.

(*a*) General attitude towards Soviet Union. As to building strength, he understood this to mean not just military strength but also economic. If we ever negotiate with Russia a sound economy in rest of world important as demonstration our way of life best.

(*b*) As to China, the Communists were trying to make question of voting on admission by UK test of UK's sincerity in recognition. UK had not taken positive line in NY. Had tried to accommodate themselves. Had tried to get majority, but until this obtained, had not intended to vote. Communists also making same issue over treatment aircraft in Hong Kong. Doubtful whether Communists intend to go ahead or not in giving effect to our recognition. Situation not satisfactory. However, he was in some difficulty on the UN question. Felt that Communists had pretty good case. Control far more territory than Nationalists. He wondered what legal or even moral grounds

there were for refusing recognize that fact. Difficult for him to acknowledge that Chiang could claim to represent China. Question was whether we should go ahead on three points Acheson mentioned to develop joint position and leave question Chinese representation in hands governments.

11. All agreed go ahead on three Acheson points.

12. Acheson said glad to talk about representation here or NY. If there was any trick by which it could be solved that would be fine. But US regarded question as one linked to major matters of foreign policy. Austin [6] did not have authority to decide it. Acheson could discuss but not decide. Situation apparently is that there is no practical or likely way for UK to get majority without positive action by US and US is not going to take this action. From our viewpoint, Soviet Union possesses position of domination in China which it is using to threaten Indochina, push in Malaya, stir up trouble in Philippines, and now to start trouble in Indonesia. So we do not regard as just a legal question involving UN. Think admission might be more dangerous because of jeopardy in which it could put our position in Southeast Asia than continued impasse in UN. But situation might clarify. If UK completely repulsed, it might revise its position. France not likely change its because of Indochina. Do not mean only way to get a majority is for US to change its position. Two votes needed, but France not likely to change. We have repeatedly informed Cuba and Ecuador that we are not trying to influence their position, but they do not wish to take a different position.

13. Schuman thought exchange had been helpful. He did not want force issue. But if no definite position can be taken now, he would like to have the three representatives discuss if and when any government takes up a new position.

14. Bevin said Acheson's three points would be referred to three representatives in NY and that China admission question would be left until one of the three governments notified the other two that it wanted to discuss the question. This was agreed.

15. Bevin then referred to Lie's proposal for periodic meeting of SC to solve cold war or heat it up. He didn't know which. Perhaps would wait to see results Lie's trip to Moscow. Anyway, previous problem has to be solved before such a meeting possible. This view was accepted by all.

16. Acheson referred to paragraphs on Yugoslavia. Its economic situation not improving fast as we had hoped. He had noted in press that International Bank not going ahead with loan. So might be urgent extend economic assistance. French had run into trouble with

[6] Warren R. Austin, United States Representative at the United Nations.

creditor claims. US and UK had had same problem but had gone ahead anyway. Perhaps three powers could concert action to provide some economic assistance.

17. Schuman said French Government prepared contribute to reaching agreement and finding solution. Could not abandon French claims but would take a practical view. Bevin said that if three powers all took this view, they should be able to help.

18. Schuman wished to underline importance suggestion in paragraph 16. Thought France and UK could make more use of refugees. Selection important, but they had not sufficiently explored possibility. He was glad to see proposal for coordinated approach. In this connection he wondered whether they might not be helped by ERP funds. There were considerable sums available for propaganda purposes. Three powers were anxious to use propaganda to give true picture of ERP program to satellites.

19. Bevin thought this suggestion could be passed along.

20. Acheson said he would be glad to consider it and to discuss it with Harriman.

21. Bevin turned to MIN/TRI/P/6[7] on continuous consultation. Paper set out a code of conduct with which all agreed but which should not be formally adopted. Could agree among the three that every attempt should be made to reach understanding and agreement and in general to cooperate.

22. Schuman thought such contacts should be as unspectacular as possible. With this comment he was in agreement with paper.

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[7] This paper read:

"The following suggestions have been put forward during the preparatory discussions and are submitted for approval by the Ministers:

"Consultation between the three powers should be more frequent and better organized without, however, creating any new machinery. In particular:

"(*a*) The three Foreign Ministers should agree to try to meet each other two or three times a year. These meetings need not be regular but should be held with sufficient regularity so that they are regarded as normal practice, not exciting public opinion. Use should be made of the United Nations meetings at which Ministers are present.

"(*b*) The principle should be established that the Foreign Minister of each country should receive the Ambassadors of the other two countries for joint discussions of appropriate subjects. This should not interfere with the normal channels of discussion on particular topics.

"(*c*) The representatives of the three Powers on any organ of the North Atlantic Treaty organization should also keep in touch with each other as appropriate.

"(*d*) There should be intensified co-operation within the United Nations Organization between the three countries. This would include even closer co-operation between our delegations during meetings of the General Assembly and also increased consultation between our permanent representatives at the seat of the United Nations. This should also apply to the Specialized Agencies.

"(*e*) At the conclusion of the Tripartite talks in London the communiqué should indicate the intention of the three Ministers to meet again in the near future, possibly in New York before the next meeting of the General Assembly." (Conference Files: Lot 59 D 95: CF 20)

23. Acheson fully agreed with recommendations. Thought paragraph relating to meeting before SC session in fall could be included in today's communiqué. If announced now, then if meeting held in fall, it would be clear that it was not because there was a crisis. This view accepted by Bevin and Schuman.

24. Separate telegram covers remainder afternoon session.[8]

Sent Department Secto 230; repeated Paris 828.

[8] Secto 231, *infra*.

396.1 LO/5–1150: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 11, 1950—midnight.

Secto 231. Latter half of meeting May 11 considered item 2, triparitite agenda.[1] Meeting had before it new version of document on strengthening NATO, MIN/TRI/P/3,[2] prepared by experts in morning. Deferred consideration this and MIN/TRI/P/2[3] (resolution) until later meeting.

Turning to 2*b*, Bevin suggested Schuman summarize French views as item had first been raised by French. Schuman referred to French proposal considered, but not agreed, by experts (TRI/P/15)[4] which provided that representatives of US and Canada "enter into relations with the competent organs of the OEEC, with a view to examining the best methods of ensuring regular economic cooperation between the various countries concerned."

In explaining background of proposal, Schuman referred to fact that present relationship between US and Western Europe provided by ERP–OEEC relationship would change after 1952, that it was necessary for some more lasting relationship between US, Canada and Western Europe to be established and that it was not desirable to wait until 1952 before considering what that relationship should be. He indicated French had first thought might be possible to meet need by developing article II of NAT but that on further examina-

[1] Close Association of European and North Atlantic Areas.

[2] For the text of this paper, see footnote 3, p. 1022.

[3] The text of MIN/TRI/P/2 is the same as that transmitted in Secto 143, May 4, p. 908, except for the revision of the first paragraph to read:

"The Council agrees that in carrying out its tasks as defined in subparagraphs (*a*) and (*b*) of Council Resolution No. —, it will in particular be guided by the following general considerations." (Conference Files: Lot 59 D 95: CF 20)

[4] Not printed.

tion realized a number of European countries would be excluded and cited Switzerland, Austria, Sweden, Turkey and Greece. Added that French attach importance to European character of OEEC and did not wish any "radical change". For these reasons considered best solution was to leave OEEC as it is for ERP period but to provide for association of US and Canada with OEEC after 1952. He felt it was not necessary to reach a final decision at this time on just what relationship would be but believed it would be of great interest to people to know that a continuing relationship had been provided for. He added that in making this proposal, French delegate had had in mind Bidault's proposal. Although they realized their present proposal might not be the entire answer to the problem felt it attacked the problem on most practical basis, i. e., economic.

Secretary agreed with Schuman that it was desirable to consider question of post-1952 relationship now rather than waiting until end of ERP. Said further thought required on two aspects: (*a*) Substantive matters on which concerted action required, and (*b*) Means by which concerted action could be achieved.

It might well be that several organizations could be used. No reason why all joint action need be carried on by one organization. He indicated that substantive matters could be divided into three major categories: economic, defense, and political.

Beginning with economic, said we were now at mid-point in Marshall Plan. ERP based on assumption that barring unforeseen contingencies Western Europe generally should by end of period be free of need for extraordinary outside assistance, although possible developments in Southeast Asia and elsewhere made it impossible for anyone to predict with assurance. He added that some countries would obviously require continuing assistance and cited Austria. However, even granting full success of Marshall Plan, great adjustments on both sides of Atlantic were still necessary and it was clear that further cooperative efforts between Western Hemisphere and Europe were required. Furthermore, it was now necessary for both sides of Atlantic to make greater efforts in military field. Both these situations required an increase in productive plant, production, and productivity, and required access to necessary raw materials and markets. To achieve these ends greater progress was required towards convertibility of currencies, removal of quantitative restriction, lowering of tariffs, freer movement of people, and equitable treatment of German economy. Problem of markets raised problem of investment. It was important to make sure that funds were invested so that they strengthened

area and worked for benefit of economy of Western Europe. Progress in Europe along these lines was required but so was progress and effort in US and Canada. He emphasized necessity of joining efforts of US and action within Europe and suggested that if people could be made to see that security depended on cooperative efforts it would have powerful effect in all our countries.

Turning to military field, he stressed importance of progress on the medium-term plan and development of a balanced force. In political field, he felt there was no need to review all problems on which cooperative approach would be useful but emphasized need for joint action with respect to Germany.

Referring to problem of organization, Secretary said it appeared quite clear that no one organization could deal with economic, military and political questions. NAT could work out military. NAT plus further tripartite consultations might be sufficient for political. On economic questions he emphasized necessity of having experts who could work together quickly and effectively on specific problems.

He said we in US realized need to consider immediately what we should do to help solve dollar gap and referred to appointment of Gordon Gray. Indicated his hope that it would be possible to reach agreement with executive branch by middle of the summer on what US could do; that executive branch recommendations would probably be reviewed by some public commission; and that it might be possible to put legislation before Congress first of next year.

He felt US task would be helped and European tasks made easier if similar efforts were going on in Europe and if some connection between the two endeavors could be established. Thus momentum of Marshall Plan could be captured and carried on. Such joint action, with US itself, doing some of unpleasant things required to increase strength of west could give European peoples prospect of a vigorous community with strength to it.

For these reasons Secretary said he was attracted by Schuman's proposal. OEEC already was a going concern with a competent staff which would continue into the future and not end with ERP. He indicated he had no specific organizational arrangements in mind but believed it would be possible to associate US and Canada with OEEC at various levels. He suggested that technicians might suggest what form this connection should take. He himself, wished simply to express view that OEEC was an excellent organization and that would be a mistake to lose it while looking for something new. He made it clear that economic questions related to military problems should not be dealt with by OEEC but by NAT.

Concluding, he said that obvious no final conclusion could be reached until Canada had been consulted and suggested that question be discussed with Pearson.[5]

Mr. Bevin, obviously surprised at Secretary's general support for Schuman proposal, indicated need for time to consider questions which had been raised and said he would have preliminary views tomorrow.

It was agreed that three Foreign Ministers would meet with Benelux Foreign Ministers Saturday afternoon to inform them of discussions on Germany.[6]

US distributed draft declaration on migration which will be considered tomorrow. Operative paragraph declaration.

"They believe, however, that in view of the importance and wide scope of the problem it would be desirable again to make a review of the activities of the various bodies concerned with the question, with a view to determining whether there are other and new approaches which could be undertaken. For this purpose they have agreed that they will designate experts to confer together after the conclusion of these meetings." [7]

Sent Department Secto 231, repeated Paris 830.

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[5] Lester B. Pearson, Canadian Foreign Minister.

[6] For a report on this meeting, see Secto 251, May 13, p. 1056.

[7] This is the third and last paragraph of the United States draft which was designated MIN/TRI/P/25 in the records of the conference. The first two paragraphs read:

"In the course of their discussions the Foreign Ministers have recognized that the excess of population from which several countries in Western Europe are suffering is one of the most important elements in the difficulties and disequilibrium of the world. In particular it retards the efforts which are being made to assure greater economic unity in Europe. It contributes to the increase of unemployment with the grave social and political problem which this entails.

"They also believe that the systematic exploration of opportunities for greater population mobility can contribute significantly to the solution of this problem. In this connection they have noted the valuable work on numerous aspects of the problem of migration which has been going forward within the OEEC, and the United Nations and its Specialized Agencies." (Conference Files: Lot 59 D 95: CF 20)

At their fifth meeting on May 13, the Foreign Ministers approved a revised draft of this paper, MIN/TRI/P/25 Final, with the following changes: in paragraph one the last two sentences were deleted; in paragraph two, the second sentence was revised to read "In this connexion they have noted the valuable work on numerous aspects of the problems of migration which has been going forward within the ILO, the United Nations and Specialized Agencies, and in the OEEC, and in particular the conclusions reached at the Preliminary Migration Conference which has completed its work at Geneva." Paragraph three was revised to read:

"They believe that in view of the importance and wide scope of the problem it would be desirable to make a general review of the various activities in this field with a view to determining whether there are additional approaches which could be undertaken. For this purpose they have agreed that they will designate experts to confer together after the conclusion of these meetings and to consult with the experts of other interested governments particularly Italy and Germany in view of their major interest in the problem." (*Ibid.*)

For a report on the fifth meeting, see Secto 246, May 13, p. 1052.

396.1 LO/5–1150 : Telegram

The United States Delegation at the Tripartite Foreign Ministers' Meeting to the Acting Secretary of State

SECRET LONDON, May 12, 1950—midnight.

Secto 243. 1. Morning session tripartite meeting today devoted exclusively to consideration agenda Item 3—Germany.[1]

2. After Bevin had opened meeting with suggestion that Minister discuss paper on "policy towards Germany" (document MIN/TRI/P/7 [2]), Schuman made long statement re Germany and re proposal for international control coal and steel. Plenty details on Germany to discuss here, but before doing so he would like to recall difficulties we have had with Russia over Germany. Certain general principles had been laid down at Potsdam. Despite them, contradictory nature Russia's policies soon became apparent, first in organization of *Laender*, and thereafter in other matters. In view impossibility applying joint quadripartite policy we were forced to establish separate organization in western zones along different lines from that in east.

3. Task before us today is to review our common policy. We might begin with brief recapitulation of disappointments we have suffered in past months and realize that gratitude is "rare quality." Germany has largely forgotten benefits received under Marshall aid, as well as other measures we have taken to assist her such as agreement on termination dismantling.[3] Despite all this, we wish to maintain our present policy in interest not only of Germany but also of peace. Our policy envisages progressive restoration to Germany of control over its own affairs and rights of an independent state. What should our policy be in coming months? First point to be considered is Germany's entry into Council of Europe. We have no intention of "bargaining" over this as Germany's decision to do so was "virtually promised" in Petersberg Protocol. Secondly we have agreed to undertake study looking toward revision of occupation statute. In meantime we might as experiment "apply present controls more liberally," although naturally continuing certain long term entities as Military Security Board and IAR. That is our immediate program for next six months. HICOM must of course maintain supreme authority in Germany. We

[1] Held at 10 : 30 a. m. at Lancaster House. Attending for the United States were Secretary Acheson, Douglas, McCloy, Cooper, Jessup, Bruce, and Byroade; for France, Foreign Minister Schuman, Massigli, Parodi, François-Poncet, Alphand, and Lebel; and for the United Kingdom, Foreign Secretary Bevin, Younger, Kirkpatrick, Lord Henderson, Davies, and Sir Brian Robertson.

[2] For the text of MIN/TRI/P/7, see Secto 169, May 6, p. 932, and footnote 2 thereto.

[3] For the text of the Petersberg Protocol of November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

should, however, consider desirability of limiting controls to most important matters, namely security and assurance that Germany will continue on democratic course. In Schuman's personal opinion we might abandon controls over *Laender* thus permitting reduction of Allied civil personnel stationed there. We should also permit Germany to develop its foreign relations with other countries and thereby strengthen her position in Council of Europe. There are a series of questions to be studied at present meeting. He had general observation to make which amounted almost to a reservation, namely that certain of questions to be pursued by proposed intergovernment study group should not be handled in such manner as to give impression we were concluding peace treaty.

4. With respect to economic aspects of problem, Schuman said that Germany's entry into European economy was "already accomplished or at least far advanced". Germany was full member of OEEC and enjoyed Marshall aid on same footing as other participants. It was necessary to ensure however that re-equipping Germany with Marshall aid should not conflict with Allied policy.

5. Schuman then said he wished to explain the recent French proposal on coal and steel. It is European rather than Franco-German plan although naturally of major importance as regards Germany since latter's steel production is among highest in Europe. Plan also has political implications and because of them suggestion could only have come from France. It is necessary to bring about change in the psychological outlook, and French could not have accepted proposals coming from any other quarter. French Government under no illusions re psychological and political opposition to plan. These, however, will be overcome. There are also number of technical difficulties which must be studied carefully by all interested countries. Finally, offer is not a "fait accompli" but proposal for further study and consideration. As regards German participation, it is clearly understood that this could only come about under authority of HICOM which would be unaffected. Schuman therefore suggested that HICOMs take advantage of their presence London to acquaint themselves with details of plan in order that they may thereafter advise Adenauer. In making this suggestion he did not refer to technical details but "general principles of the plan". French proposal did not envisage change in functions IAR and MSB. However, study would be necessary as to possibility co-existence these functions with contractual relationship in French plan. In conclusion, Schuman said that his remarks equally applicable to other countries since French feel that all European countries desiring to do so should have opportunity to cooperate in plan.

6. Secretary reverted to suggestion made by Bevin at opening that Ministers consider MIN/TRI/P/7. It was his understanding that paper was one approach to problem, and it was possible that as result of discussion this morning paper should be rewritten. Alternatively, we might take document and study it point by point. He himself preferred former course. Secretary continued that HICOM will be in position to exercise great influence on Germans only perhaps for next 18 months to 2 years. He did not mean that this influence would disappear thereafter. Nevertheless, it would be less subsequent to revision occupation statute and anticipated decrease in Marshall aid. In view these circumstances HICOM should use its present influence to bring about fundamental orientation of Germany towards West. Accordingly, we should see how controls can be used to guarantee prestige of HICOM. In Secretary's view, merely to release controls would constitute negative approach to problem. He agreed with Schuman that HICOM should concentrate on essential points of security and maintenance democratic regime in Germany. However, he did not concur in suggestion that we give up controls in *Laender* as well as control over foreign affairs. From *Laender* comes legislation which profoundly affect regime in Germany. Therefore if controls relaxed there and also with respect to foreign affairs, HICOM will have given up its most effective powers. If HICOM used its powers to achieve really democratic life in Germany, results would be more enduring than could be obtained by reliance on controls which might later be thrown off.

7. In our view no useful distinction can be drawn between controls over internal affairs and those over external affairs and trade. What we want Germany to do is to entangle itself and integrate itself with West. Germans must be convinced that their real interests lie there. Furthermore, Germans should become increasingly aware of fact that occupation forces are not repressive but are stationed in Germany to protect them and, hence that they should willingly and gladly contribute to their support as part of Germany in Western defense. We want Germany to develop foreign policy re Soviet Union and satellites like our own and not desire to enter in surreptitious political or economic arrangements with East. We also want Germany to take real part in Council of Europe, OEEC, including EPU, and GATT, and in general participate fully in expansionist domestic economic policy aimed particularly at reduction unemployment and increased production.

8. All of this requires vigorous exercise HICOM's functions. This was not contradictory to allowing Germans to do more. They would act under guidance, influence and sometimes direction of HICOM.

9. If Germany were to be persuaded to regard its interests as lying with West, Germans must in fact be with West. Unless West could offer Germany security and economic future, our efforts would be in vain. Secretary continued that if it is true period of time in which it would be possible for us strongly to influence Germans is limited, this meant we must get on with EPU, relax trade barriers, afford assistance in solving refugee problem, etc. Moreover all these matters must be treated at same time.

10. Secretary said he agreed with Schuman's observation that work on specific problems re Germany must not give appearance of separate treaty. In his view this could be taken care of by careful attention to form. Schuman had also mentioned the French coal-steel proposal. We have already welcomed this and recognize fully its importance and appreciate initiative French have taken. Secretary also noted Schuman's statement that plan is not "fait accompli". Furthermore, it will affect all we have been discussing here including integration of Europe and relation of Canada and US to integration of Europe. Secretary hoped that idea will be further developed and suggested that other countries be kept in touch with developments and given opportunity to submit views. Plan can have all sorts of results. It can affect production, prices, wages and markets, and is important not only to participating countries but to others as well. If it results in expansion and liberalization trade, all will benefit. If, on other hand, plan should lead to restrictions, results would be bad. Finally, Secretary considered Schuman's suggestion that HICOMs study plan as "most constructive".

11. Bevin then entered discussion. Britain naturally considers that powers of the HICOMs should be continued. A main objective, however, is to engender respect among west Germans for democratic government. We want to get western Germans rather than HICOM to direct actions of their government. Question therefore arises as to how far we should keep Germans in "leading strings", and this cannot be decided unless Allies themselves are clear on point. We must be careful not to create situation where Germans will lose respect for their government and slip back to old nationalist attitude. Therefore he liked idea embodied in MIN/TRI/P/7 of setting forth democratic line to be followed and indicating where if necessary HICOM should intervene to insure that it is being followed. This led to further question as to how far we should intervene German internal affairs. HICOM might profitably examine this point which is key one to correct handling of German problem. Bevin continued that any country should be allowed to make mistakes and that he saw no objection to permitting "conflict to rage a little between German Government

and people". He had no objeetion to Sehuman's suggestion to possible removal controls over *land* governments always provided that this would not endanger prestige and seeurity and requirements of occupation forces. He also agreed with Seeretary's suggestion that fundamental eontrol should be maintained even if not exereised.

12. Bevin stated that in light of our diseussion he thought MIN/TRI/P/7 paper and proposed draft declaration by three Foreign Ministers (document MIN/TRI/P/13 [4]) should be joined together. Furthermore, as we intended to publish latter, he thought that the more policy principles set forth in MIN/TRI/P/7 which were also included in MIN/TRI/P/3 the better it would be.

13. Bevin then stated that our plans for the evolution of Germany were hampered by eonfliet of policies of Governments whieh manifested itself in HICOM. Sehuman's coal-steel plan would have considerable influenee on integration of Europe. People in UK have proceeded on basis of planned eeonomy, and here they conflict with US and France. They also proceeded on basis of full employment and here there is confliet with policies of countries like Belgium. Finally there is a eonflict between UK and Franee on preamble to Law 75. All of these are fundamentals which we as Allies do not have right to "bargain away" on behalf of Germans. British fearful of getting baek to cartels which were one of eauses of last war. British don't believe German worker anxious to go to war any more than they are. Nevertheless German worker has never had a ehance to speak. Accordingly HICOM should examine how Germans ean exereise more control over their polieies. UK is not opposed to Schuman plan but wants to be careful to see how it develops. If it develops well it can be most important faetor, and British want to give it "welcome and helping hand". Nevertheless we must not gloss over difficulties in HICOM and elsewhere in regard to our attitude on fundamental issues.

14. With regard Secretary's suggestion that MIN/TRI/P/7 be rewritten, Bevin said that if he understood Seeretary correetly, US wished to retain large measure of eontrols and that Britain and France wished to release them. If this were true, he didn't see how we eould reeoncile the two documents. Furthermore, it would be bad from standpoint of Germans to reach "diplomatie" agreement here only to run into differences in approach later on.

15. Schuman observed at this point that he would like to allay any anxiety his remarks re relinquishment of eontrols in *Laender* might [have] occasioned. As he had said previously, his suggestion was purely a personal one as he had not discussed it with his government. Moreover it did not envisage abolition of HICOM legislative eontrol

[4] Dated May 7, p. 1086.

in *Laender* by merely elimination of Allied personnel. Schuman also agreed with Secretary that there was real need to bring about change in attitude of Germans. This could not be done through exercise controls but through cultural and educational contact, particularly with youth. On other hand, he did not consider that there was wide divergence in views on basic discussion which already had taken place this morning and in his opinion was no reason change wording MIN/TRI/P/7.

16. As regards coal and steel plan, Schuman desired that there be no "ambiguity or misunderstanding" as to its purpose. It is not intended to establish a cartel. Form and shape of agreements which will evolve from consideration of proposal will safeguard against price fixing and restrictions on production. In this connection he pointed out that plan envisages inter-governmental agreement and that governments as opposed to private enterprises are opposed to cartels. Schuman thanked Bevin for Attlee's statement in Commons yesterday and said that it was all French could have "hoped for or expected".[5] He concluded that French under no illusions re seriousness of problem both from political and technical standpoints and therefore wish assistance from others in evolving plan. In reply Bevin's enquiry Schuman said that in so far as French concerned trade unions will participate in discussions on plan. It was however up to each country which participated to decide whether or not its unions would be consulted. He hoped all would since such a revolutionary proposal could not be accepted without support of public opinion.

17. Secretary said there was possibility of some misunderstanding re our attitude. Question was not between relaxing and maintaining controls but of positive versus negative approach to German problems. With respect to Bevin's statement re use of veto this was true if government should take anti-democratic action in US, UK, or France. However, it was not so in Germany where democracy still fragile. Therefore if HICOM should not exercise veto, he doubted if democratic elements would do so. On other hand he agreed that question is what powers should be used. In our view we can move faster in economic and industrial fields in giving up powers but that is more dangerous to do so in political field. Therefore desirable that in each case we consider whether or not we should use our powers. In most cases he thought HICOM could achieve its objectives by persuasion rather than by direct exercise of power.

18. Bevin inquired whether in view discussion which had already taken place Secretary still wished that policy paper be rewritten.

[5] For the text of Prime Minister Attlee's statement on the Schuman Plan, given before the House of Commons on May 11, see *Parliamentary Debates*, House of Commons, 5th series, vol. 475, col. 587.

Secretary replied it was unnecessary to act on paper at all. Important thing was what was done re declaration on Germany and statement on German unity.[6] In his opinion officials should prepare new draft of latter in light of our discussions. After some discussion Bevin and Schuman agreed.

19. Ministers then approved MIN/TRI/P/12[7] on terms of reference of working party and agreed on London as site.

20. Schuman proposed that in redrafting communiqué addition be made to effect that Foreign Ministers had full confidence in HICOMs. Secretary and Bevin concurred.

21. Schuman also stated that while French had no objection to present wording sub-paragraph (*f*) of declaration on unity calling for quadripartite agreement on cessation reparations from current production, he wished to make unilateral statement that France has never renounced principle to right of reparations in kind. This had been agreed to at Yalta but implementation postponed at Potsdam. In view French Government question can only be settled by agreement among all four occupation powers. Reservation, was one of principle which was made for internal political reasons and he did not wish to have it published. Bevin observed that French had never given

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[6] The declaration and statement under reference here are the text and annex of MIN/TRI/P/13.

[7] This paper read:

"It is agreed to recommend to the Ministers that there be established a high level Inter-governmental Study Group on Germany, to commence its work as soon as possible, and to report at least preliminarily to the Ministers by September 30th, 1950.

"The tasks of the Group would be to examine and report on the following questions:

"1. Review of the Occupation Statute.

"2. The status of the pre-war treaty obligations of the former German Reich.

"3. Plan for handling outstanding claims against Germany and Germans (including pre-war and post-war claims as well as those arising out of the war) and other economic and legal issues arising out of the war.

"4. Termination of the State of War.

"5. Implementation of Articles 18 and 19 Ruhr Agreement.

"6. Definition of German cooperation required to warrant relinquishment of controls.

"7. Such other problems as may be referred from time to time.

"In discharging these tasks, the Study Group should be guided by the following principles:

"1. The Ministerial decisions on policy toward Germany.

"2. The political importance of finding a method by which the Federal Government may assume in a suitable proportion the obligations of the former German Reich, together with any connected rights.

"The Study Group will probably find it necessary to work through subcommittees or to delegate work to the High Commission.

"The Study Group will meet in ——."

This paper as approved by the Ministers, MIN/TRI/P/12 Final, dated May 22, had a new preamble which read:

"There will be established a high level Inter-governmental Study Group on Germany, to commence its work as soon as possible and to report at least preliminarily to the three Foreign Ministers by September 30th, 1950."

London was designated as the site for the meetings. (Conference Files: Lot 59 D 95: CF 20)

up claims of reparations out of current production and had always reserved their position on this point. Nevertheless he thought it might be desirable for Schuman to get his government to agree with US and UK to relinquish rights to reparations out of current production.

22. As meeting broke up for lunch Bevin announced Benelux foreign ministers would be received afternoon May 13.[8]

[8] For a report on this meeting, see Secto 251, May 13, p. 1056.

Editorial Note

At their fourth meeting, held at Lancaster House at 4 p. m. on May 12, the Foreign Ministers continued the discussion of the German problem, considering, in order, the status of Berlin, a declaration on German prisoners of war detained by the Soviet Union, the security request of the Federal Republic, the remilitarization of the Soviet zone police, the level of steel production, the International Authority for the Ruhr, trade between Western Germany and the Soviet orbit, nationalization of Allied property in the German coal and steel industries, German construction of special ships for export, and Chancellor Adenauer's request for permission to establish a Federal *Gendarmerie*.

For the texts of the papers approved by the Ministers on Berlin (MIN/TRI/P/14 Final) and on the security request of the Federal Government (MIN/TRI/P/10 Final), see pages 1091 and 1085, respectively; for the text of the Ministers' declaration on the German prisoners of war detained by the Soviet Union (MIN/TRI/P/26 Final), see Department of State *Bulletin*, June 19, 1950, page 1018. With regard to the request for permission to establish a Federal *Gendarmerie*, the Ministers discussed the recommendations of the High Commissioner (MIN/TRI/P/27), but since neither the French nor the United States had considered the question, the Ministers agreed to postpone action. The papers concerning the other topics, MIN/TRI/P/11, 15 and 24, 18, 16, 17, and 23, respectively, are not printed. (Conference Files: Lot 59 D 95: CF 20)

The United States Delegation report on the fourth meeting was transmitted in Secto 244, May 12, not printed (396.1–LO/5–1250).

After this meeting the Foreign Ministers issued a statement on Berlin which read:

"The three Western Occupation Powers will continue to uphold their rights in Berlin. They are resolved now as in the past to protect the democratic rights of the inhabitants and will cooperate with the German authorities to improve to the utmost the economic position of the Western sectors. Meanwhile the three governments will continue to seek reunification of the city in free elections in order that Berlin

may take its due place in a free and united Germany." Secto 242, May 13, not printed (CFM Files: Lot M–88: Box 151: Secto Cables).

396.1 LO/5–1250: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET London, May 12, 1950—11 p. m.

Secto 239. Ministers' meeting May 12 [1] discussed Department's [*Deputies*] recommendations contained in Delau 460 [2] and revised paragraph II (*a*) (2) in Delau 461.[3] Agreement reached on paragraphs *a* (1) and (2) revised on West policy in Austria. Decision on treaty procedure reserved until Thursday at which time agreed tripartite declaration will be published. Meeting postponed due to Schuman's reservation of paragraphs on civilian High Commissioners and occupation cost pending French Government, specifically Ministries of Defense and Finance. Schuman has assured ministers that answer on both questions will be received by May 18.[4]

Sent Department, repeated Paris 835, Vienna 108, Moscow 140.

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[1] Held at Lancaster House at 6: 55 p. m. Attending for the United States were Secretary Acheson, Jessup, Perkins, Douglas, and Samuel Reber, Deputy for Austria at the Council of Foreign Ministers; for France, Foreign Minister Schuman, Parodi, Alphand, and Marcel Berthelot, Deputy for Austria; for the United Kingdom, Foreign Secretary Bevin, Lord Henderson, Kirkpatrick, and William I. Mallet, Deputy for Austria. A set of the United States Delegation minutes of the meeting are in the CFM Files: Lot M–88: Box 151: London Conferences, London 1950.

[2] Dated May 8; scheduled for publication in volume IV.

[3] Not printed.

[4] For a report on the Foreign Ministers meeting on May 18, see Secto 302, May 18, p. 1071.

CFM Files: Lot M–88: Box 151: Secto Cables: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET PRIORITY London, May 13, 1950—9 p. m.

Secto 246. Summary Saturday morning tripartite meeting follows: [1]

1. Southeast Asia. MIN/TRI/P/9.[2] Schuman summarized position in Indochina, heavy drain it imposed on French, and gratefulness for

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[1] The fifth meeting of the Foreign Ministers was held at Lancaster House at 10: 30 a. m. Attending for the United States were Secretary Acheson, Douglas, Cooper, Jessup, Harriman, Bruce, and McCloy; for France, Foreign Minister Schuman, Massigli, Parodi, Alphand, de Margerie, François-Poncet, and Lebel; for the United Kingdom, Foreign Secretary Bevin, Younger, Strang, Lord Henderson, Davies, Makins, Sir Brian Robertson, Dening, Wright, and Walker.

[2] Not printed, but see MIN/TRI/P/9 Final, p. 1082, and footnotes thereto.

moral and material support. French proposal for paragraph 7 accepted with change from "assume" to "discharge". Paragraph 8 left unchanged after Acheson explained difficulties French draft would cause before legislation providing economic assistance had been admitted to Congress.

2. Declaration on Southeast Asia. Bevin explained difficulties for British in issuing declaration in view lack of enthusiasm for it in certain Commonwealth countries. Schuman regretted countries in area did not understand West was defending their real interests. Bevin thought situation improving. Acheson suggested that in light British difficulties and Paris statement declaration probably unnecessary.[3] This accepted.

3. Colonial questions. MIN/TRI/P/21.[4] Approved and also consultation by representatives in New York before next GA to concert position.

4. Economic relationships between US, Canada and Western Europe. Ministers approved Acheson proposal that their representatives meet with Pearson to develop recommendation on public statement and on course action. Jessup, Makins and Alphand designated and will meet next week.[5]

5. NATO. Ministers approved Acheson proposal that group meet over weekend with purpose of considering new French proposals and reconciling views if possible on question organization. Perkins, Jebb, De Margerie designated.

6. Migration. Ministers approved declaration which will be forwarded separate message.[6]

7. Declaration on Germany. Ministers approved declaration on German unification which will be forwarded separate message. Annex setting forth principles to which unification process must conform approved and HICOG given authority to issue principles "at appropriate moment and in appropriate way".[7] Text of declaration being telegraphed Adenauer today and will be released Sunday evening for Monday papers. Acheson stressed importance early issue of annex principles so that we would not be in position that Russians accept "free elections" whereupon we would have to come forward with lot of conditions.

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[3] For the text of Secretary Acheson's Paris statement as released to the press on May 8, see editorial note, vol. VI, p. 812.

[4] Dated May 9, p. 1093.

[5] Regarding the work of this group, see Secto 278, May 16, p. 1069.

[6] The message under reference here can not be identified further; for the text of the declaration, MIN/TRI/P/25 Final, approved by the Ministers, see footnote 7, p. 1043.

[7] For the text of MIN/TRI/P/13 Final, comprising the declaration on Germany and the principles of unification, see p. 1089.

8. Final communiqué. Drafting committee working Saturday afternoon and Ministers will consider at end Saturday afternoon session.[8]

[8] For the text of the final communiqué, see MIN/TRI/P/30, p. 1106. No record of a meeting of the Foreign Ministers on the afternoon of May 13 has been found in the Department of State files.

396.1 LO/5–1350

Memorandum of Conversation, by the United States Ambassador at Large (Jessup)

SECRET

LONDON, May 13, 1950.

Participants:	Mr. Bevin	(UK)	Mr. Barclay
	Mr. Schuman	(France)	Mr. Lebel
	Mr. Acheson	(US)	Mr. Jessup

The Three Ministers met together privately this morning at 10:45. Mr. Acheson asked Mr. Schuman if he could explain just what the French Delegation had in mind in the proposal which they circulated concerning the structure of NATO (MIN/TRI/P/28).[1]

Mr. Schuman explained that they thought there should be a Council of Deputies organized to function on a permanent basis. They would be assisted by a group of technicians who would elaborate plans on the type of armament, financial contributions and similar matters. They would then submit these plans to the committee of deputies. When the deputies approve the plans, their execution would be entrusted to one man whose duty it would be to see that it was carried out. The difference between this French proposal and the U.S. proposal was that the French would introduce an intermediate stage between the approval of plans by the deputies and their execution. This intermediate stage would be provided by the work of the technicians elaborating the details along lines of general projects suggested to them by the deputies.

Mr. Acheson said that the details of the plans of organization were too involved to be settled by the Ministers in the morning meeting. He accordingly suggested that the Ministers decide to refer this question to a working group which could study it over the weekend. This was agreed.

Mr. Acheson then reminded the other two Ministers that the three governments had agreed to inform The Netherlands Government concerning their discussions regarding Southeast Asia. He suggested that they ask Mr. Stikker to remain this afternoon after the meeting

[1] Dated May 12, p. 1103.

with the Benelux representatives so that this could be done. This was agreed.[2]

Mr. Acheson then also mentioned that the question of New Guinea might be raised by Mr. Stikker. He did not ask for the concurrence of his colleagues but wished to inform them that if this matter did come up the United States would express its view that the matter should continue to be handled by The Netherlands and the United States of Indonesia without the intervention of the Australian Government which has expressed an interest.

Mr. Acheson then referred to the question which the Ministers had been discussing relative to long-term economic relations between Canada and the United States on the one hand and the European countries on the other. He thought that a further discussion by the Ministers of the papers which had been prepared would only be confusing and that nothing could be settled until Mr. Pearson, Canadian Minister of External Affairs, had been consulted. He suggested therefore that this matter should be referred to a group consisting of Mr. Pearson, Mr. Jessup as his representative, and a representative of Mr. Bevin and Mr. Schuman. The purpose of this discussion would not be to settle the matter but to discuss what the Ministers can do to advance it before they all leave London.

Mr. Bevin said that he was worried about tying in the OEEC with the NAT and the status of Germany in regard to this problem.

Mr. Schuman noted that, if we used the machinery of NAT, Germany is excluded and so are Sweden and Switzerland which is a result we do not desire. This represents the value of working through OEEC.

After a certain amount of confusion, Mr. Bevin agreed to the proposal and said that Sir Roger Makins would be his representative. Mr. Schuman also agreed with the proposal but did not name his representative.

Mr. Acheson said that he would like to make a final suggestion. At further meetings, he thought the agenda should be shorter and less detailed; that we should not have so many papers; that we should have more meetings with only two or three people instead of very large staffs. This was agreed. Mr. Schuman, however, noted that the agenda included too many subjects in which other governmental departments were interested and this led to their demand to be represented on the delegation.

PHILIP C. JESSUP

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[2] For reports on the Foreign Ministers meeting with the Benelux representatives and with Stikker, see Sectos 251 and 252, both dated May 4, pp. 1056 and 1057, respectively.

396.1 LO/5–1250 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 13, 1950—midnight.

Secto 251. Three Foreign Ministers met afternoon of May 13 with Foreign Ministers of Benelux countries to inform concerning discussions on Germany.

Benelux Foreign Ministers were given copies of communiqué on Germany [1] to be issued and asked if they had questions. Stikker of Netherlands raised three questions. (1) He wondered whether Germany will not only enjoy rights but will also share burdens as she re-enters community of nations. Strong feeling in his own Parliament in favor of Germany's remilitarization. He himself thinks remilitarization premature but believes Germany should share in defense burdens through supply of materials. (2) He noted statement that Germany would be liberated from controls when she had re-entered community of free peoples. He wondered which controls were to be relinquished. (3) He noted agreement to set up study group and he inquired whether other nations would also be represented in any way.

Bevin replied very briefly. (1) It is our general view that it is premature to rearm Germany, though this may be reconsidered after Germany shows evidences of her cooperative attitude. He referred to fact that Germany now pays some 300 million pounds per year in occupation costs which represents a share of defense burden. (2) Bevin gave no reply to Stikker's second question. (3) He gave assurance that we intend to continue to work in close collaboration with Benelux on German questions. Acheson gave similar assurances.

Van Zeeland stressed the importance Belgium attaches to being closely associated with work of study group. He referred particularly to Belgium's interest in review occupation statute since some powers might be withdrawn from HICOM and delegated to other international bodies of which Belgium a member. He referred also to Belgian interest in termination of state of war. He wanted reference in communiqué to agreement on conditions necessary for German unity and asked what those conditions are.

Bevin replied that there was agreement on conditions but not for publication.[2] He said copy of agreed paper would be furnished to Benelux Ministers.

At Bevin's invitation, Acheson spoke of importance attached to solving Berlin's unemployment problem. He solicited Benelux help in encouragement of purchases in Berlin. We expect to improve air

[1] For the text of the Foreign Ministers communiqué on Germany, released to the press on May 14, see Department of State *Bulletin*, May 22, 1950, pp. 787–788.

[2] Under reference here is the annex to MIN/TRI/P/13, p. 1086.

delivery service. French already have purchasing mission in Berlin and we hoped Benelux would make similar efforts. Stikker and Van Zeeland indicated willingness to give support, particularly if air transport could be improved to give greater assurance of unimpeded delivery service.

Stikker referred to agenda items not covered in communiqué and asked what decisions reached. He mentioned steel level, IAR French proposal on nationalization of property, East-West trade.

Bevin summarized decisions as follows: (1) HICOM is to study steel level in relation to economic situation in Germany (fact of this study to remain confidential) and to inform Federal Republic no modification of steel level contemplated for the moment. (2) Functions of IAR being studied. (3) Previous decision regarding French proposal on nationalization of property stands. (4) No new decision on East-West trade.[3]

Van Zeeland welcomed study by HICOM of steel level and asked Benelux be given opportunity to express points of view before decisions finalized. This was agreed by three Foreign Ministers.

Van Zeeland then presented Belgian request that Federal Republic be authorized to negotiate with Belgium concerning those frontier areas provisionally allocated to Belgium 1949 but not occupied by Belgium.[4] He stressed belief such negotiations entirely in spirit our policy toward Germany and would conduce to freely accepted settlement of frontier questions. He suggested no Allied observers be present during negotiations but final results would be submitted to occupation powers for approval.

Bevin and Acheson asked time to reflect on request. Schuman stated he would withhold opinion in interest of unanimity.

Sent Department Secto 251, repeated Paris 844, Frankfort 230.

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[3] Under reference here are MIN/TRI/P/15 Final, 18 Final, 17, and 16, none printed (Conference Files: Lot 59 D 95: CF 20).

[4] For documentation on the frontier rectifications of the West German border in the spring of 1949, see *Foreign Relations*, 1949, vol. III, pp. 436 ff.

396.1 LO/5–1350: Telegram

The Secretary of State to the Acting Secretary of State

SECRET LONDON, May 13, 1950—7 p. m.

Secto 252. Following afternoon session on May 13[1] Mr. Bevin, Mr. Schuman and I met with Stikker at latter's request to inform him results conference talks on Southeast Asia items.

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[1] There is no record of an afternoon meeting of the Foreign Ministers on May 13 in the records of the conference. Presumably Acheson was referring to the meeting with the Foreign Ministers of the Benelux countries.

At Bevin's request I led off and read him first 6 paragraphs MIN/TRI/P/9 [2] as representing agreed trilaterally assessed situation that area. I concluded by stating US urgently examining possibility providing certain limited economic and military assistance in area, continuity of which dependent on favorable legislative action.

Stikker thanked me for information and said substantially agreed Dutch estimate. He then said he desired speak of Indonesia and particularly NNG. He recited Australian activities and his efforts to dissuade them. He also emphasized his disquiet over growing activities and powers extremist elements in Indonesia and suggested desirability all Western powers with interest in general area providing for continuing secret consultation.

I replied US agreed Australia should not intervene and had told them so. Bevin interjected "so do we". I said settlement in NNG should be worked out by 2 parties without interference.

On question extreme nationalist activity Indonesia I stated that I had queried Cochran [3] who recognizes danger in situation but does not take as dark a view as Dutch. I mentioned unfortunate aspects certain Dutch activities, e.g., Westerling but said that I realized this was being corrected. On matter of consultation I said I regarded suggestion as wise and right.

Bevin proposed that our 3 Ambassadors by meeting in Djakarta frequently and concerting their actions might exercise helpful influence but care must be taken to avoid cutting across UNCI. I agreed idea might have utility and said we would look into it.

Stikker replied that he would like to study this suggestion and would shortly send us memorandum on subject. Schuman associated himself in general terms with all said by Bevin and me. In leaving Stikker asked for copy MIN/TRI/P/9 on confidential basis which we agreed to give him.

Noteworthy that Stikker made no request for support Dutch position on NNG or our intervention in any fashion in the matter.[4]

Sent Department Secto 252; repeated The Hague 97, Paris 854. Department pass Djakarta 7.

ACHESON

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[2] Not printed, but see MIN/TRI/P/9 Final, p. 1082 and footnotes thereto.

[3] H. Merle Cochran, United States Ambassador to Indonesia.

[4] For further documentation on the United States position on Indonesia and Netherlands New Guinea, see vol. VI, pp. 964 ff.

396.1 LO/5–1750 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 17, 1950—7 p. m.

Secto 290. Further discussion SA held at meeting yesterday with Hare and Palmer for US and Wright, Furlonge and Rogers for UK.

UK representative stated they had given careful consideration our suggestion re possibility direct negotiations between SAG and Sheikhs with UK advising latter. Foreign Office legal advisers, to whom suggestion referred, have taken point of view that such negotiations would be inconsistent with UK treaty relationship with Sheikhdoms. Hare pointed out that, according our information, treaty with Bahrein permits direct negotiations by ruler with UK consent (Tosec 180 [1]). UK representatives observed Bahrein not concerned in present negotiations. Moreover, they doubted that even in case Bahrein would UK wish depart from present policy of not authorizing direct negotiations.

UK representatives then inquired again re information on which we based our suggestion Ibn Saud might be more generous if he dealt directly with Sheikhs. We reiterated reason given in D–15*b*.[2] UK representatives said their estimate of situation was that King had never shown himself to be particularly generous to brother Arabs. If he negotiated directly with Sheikhs, they felt he would be more inclined to browbeat them and exploit opportunity in effort establish hegemony over them. They did not think direct negotiations would be likely result in equitable settlement. If Ibn Saud had wished to make compromise agreement, he would have done it in negotiations with UK. If he now desires negotiate directly with Sheikhs, they felt it is in expectation of greater benefits for him. Moreover, negotiations re frontiers are most important and difficult task for any state and UK is apprehensive re ability Sheikhdoms to undertake such negotiations, particularly in view of inequalities of power involved. Hare emphasized that essential part of our suggestion is that UK should act in advisory capacity. In this way, UK would be in position to pre-

[1] Not printed.

[2] The reason given in FM D D–15*b*, dated May 4, not printed, was: "Since King Ibn Saud has consolidated his position in the Arabian peninsula and since he now enjoys a greatly increased income from the development of the oil resources in Saudi Arabia, the King would probably adopt a magnanimous attitude in dealing with the smaller Persian Gulf Sheikdoms." (CFM Files: Lot M–88: Box 149: May FM Meeting C, D Series)

vent Sheikhs from yielding to any excessive demands. UK representatives observed that further difficulty was fact that all Sheikhs involved wanted UK to undertake negotiations on their behalf.

Hare then inquired again whether UK had thought of associating Sheikhs with negotiations in some manner. UK representative replied that they have followed this procedure on occasion in past and that they were prepared again to bring Sheikhs in as "consultants" if this would meet Saudi desires (Wright balked a little at use of word "consultants", suggesting we not try to spell this out, and indicating UK might be prepared go even further in associating Sheikhs with negotiations than bringing them in in a consultative capacity).

Hare said he wished to make it clear that we do not wish to undermine British position in Persian Gulf. He thought it important, however that we recognize anachronistic nature of present arrangements, as well as practical reasons for maintaining them for present. In view this situation, we felt that it was necessary to preserve large degree of fluidity with respect to these arrangements and we hoped that UK agreed with us re desirability of preserving flexibility in approach to problems in area. It was with this thought in mind that we had suggested direct negotiations.

Wright replied that he appreciated our point of view. He wanted to make it clear that UK did not want to adopt a hard and fast approach to these problems. Their main objection to our proposal re direct negotiations was that they did not feel that it would lead to better results. UK has been giving careful consideration other alternative approaches. Wright then asked Rogers outline proposal for accepting Ibn Saud's suggestion for fact finding commission which Rogers described along lines of British memo referred paragraph 2 Tosec 202.[3] In his presentation Rogers brought out fact that UK was making its acceptance of King's suggestion re fact finding commission conditional on Saudi statement in support its claims because Saudis in past have merely advanced extreme claims without justifying them. Re condition UK right to negotiation on behalf Sultan of Muscat, Rogers emphasized that Sultan had requested UK to act in this capacity, that UK had accepted and that it felt that SAG should recognize this fact. Hare noted that we had long standing treaty with Muscat. He did not know how present negotiations might affect that treaty, if at all, but he wished to mention fact.

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[3] Not printed; the proposal referred to in Tosec 202 read as follows:

"On condition that SAG produce a detailed statement in support of their claim and admit the right of His Majesty's Govt to negot on behalf of the Sheikh of Abu Dhabi and Sultan of Muscat in respect of areas claimed by them, His Majesty's Govt are willing to enter into a joint study of the frontiers with the SAG, the discussion of the boundaries of individual states, being, of course subj to overall agreement on the frontiers as a whole." (396.1 LO/5–1550)

Rogers went on to say UK had also been considering other possible alternative ways of settling this dispute. It had heard that SAG might suggest arbitration, and, if so, UK would probably accept. He emphasized legal aspects of dispute and said he was afraid fact finding committee might find it difficult to deal with legal points involved. If King persisted in trying to obtain territory which was not legally his, it might prove necessary to refer matter to arbitration.

Hare observed at this point that, although there was undoubtedly a legal flavor to the problems involved, nevertheless if one attempted to solve this dispute on a strictly legal basis he foresaw that it would take an inordinate amount of time. He hoped that UK would not so judge it and that it would be possible find a solution, which while not ignoring legal aspects would be based on realistic agreement. Couldn't parties simply sit down and try draw mutually acceptable line? Wright replied that whole UK effort in past negotiations has been directed toward trying to find an equitable agreement based on compromise. UK entirely agreed with us that what was desired was a quick settlement. If any other device than fact finding committee could be found for promoting an early settlement, UK would wish examine it carefully. UK has in past tried sit down with Saudis in endeavor draw reasonable line and would be willing try this again. He doubted very much, however, whether King would be any more inclined now, than in the past, to adopt reasonable attitude. For that reason it seemed desirable establish facts, which is why UK had decided agree to suggestion for fact finding committee. In any event he wished assure us that all UK wanted was reasonable, practical and early solution of this problem.

At time foregoing discussion we had received Tosec 180, but not Tosec 202.

Sent Department Secto 290, repeated information Jidda 29.

CFM Files : Lot M–88 : Box 151 : Secto Cables : Telegram

The Secretary of State to the Acting Secretary of State

SECRET NIACT LONDON, May 14, 1950—9 p. m.

Secto 256. Reference Telac 8, May 12.[1] Following summaries highlights tripartite meetings:

1. Assessment and common objectives. After analyzing gains and losses in world situation there was general agreement there has been shift in power relationship favorable to Soviet Union which means

[1] Not printed; it reported that the coverage of the daily meetings had been slow in coming into the Department of State, a situation which made it difficult to report to President Truman who was "interested in following developments." (396.1 LO/5–1250)

situation serious and of increasing danger. Bevin and Schuman agreed we should realize this and act along line following points which I made. (1) Dangers in present situation, particularly those flowing from growing disparity between military strength of East and West; (2) Need for strong economic foundation to support defense effort and maintain living conditions; (3) Importance of drawing West German economy into service of West; (4) First priority for building up strength and vitality of West; (5) Importauce of holding in Asia while doing first priority task in West; (6) In line with Schuman's emphasis on presenting peaceful intent of West to world public opinion, importance of countering with truth the false notions of Western position; and (7) Conception that organization not an end in itself but only a tool to make action possible.

We agreed that general negotiations with Soviet Union now would almost certainly be unproductive. Bevin and particularly Schuman laid great stress on dangers in present impasse in UN and we agreed to have our representatives in UN consult on problems Soviet boycott caused for UN, especially (*a*) can Security Council function effectively on important questions iu absence of permanent member; (*b*) is there any realistic and desirable alternative to Trygvie Lie as Secretary General; (*c*) attitude on admission of new members. I indicated that there could be little point in their discussing recognition of Chinese Communists since we believed yielding to Russian blackmail might place Western interests in Asia in jeopardy outweighing advantage of return of Soviet representatives to UN. This matter left that three governments will consult whenever one of them believes matter can be usefully taken up again.

2. NATO. General agreement on need for strengthening organization to provide for coordination various activities such as defense aud finance, and for some concerting policy of members on political questions common concern. Details left to be worked out pact council meeting next week.

3. Political and economic integration Western Europe and Atlantic community. No agreed conclusions yet reached. Representatives of Ministers will consult Canada's Foreign Minister and probably review again. On economic side British position is to stress development NATO as broad Atlantic community framework while French stress continuation and some association US and Canada with existing European organizations such as OEEC. I have made it very clear while ERP ends in 1952 US interest Europe has no terminal date and that Administration will consider appropriate recommendatious to Congress to meet extraordinary situations which may develop. On Germany relationship general agreement cannot be associated with

NAT in any way this time. French take position against possibility of future association but British inclined as we do to hold this possibility open especially economic field.

4. Migration. Agreed declaration issued stressing importance this matter, especially Germany, Italy and calling for review by experts to determine if additional approaches this problem available which could be undertaken.

5. Germany. Principal agreements were:

(*a*) Declaration of policy toward Germany to be issued May 14 [2] indicating the course ahead in development of relations between the Western Powers and the German Federal Republic, stating our ultimate objective of reuniting Germany, and reaffirming offers on unification we made to Soviets at Paris CFM in 1949.[3] It was agreed must move forward with relaxation of controls and with our policy of closely associating Germany with Western community of nations. It was not possible in limited time available to arrive at clear understanding of speed and manner doing this. Certain differences of emphasis were revealed. Our feeling was there must be positive action by the High Commission to foster democratic development in Germany. The British seemed not to share this feeling to same extent but rather to concentrate on relaxation of controls by a series of reciprocal steps chiefly involving German action in field of foreign affairs. But British unwilling translate this principle into practice, for example on question permission German shipbuilding for export. French laid considerable emphasis on retention of Supreme Allied Authority but seemed prepared go some distance in relaxing controls, especially at local level and in internal affairs.

(*b*) Creation high level working group London to review Allied controls on Germany and make recommendations for eliminating major practical obstacles arising out of the continued state of war.

(*c*) Public declaration of our intention to remain in Berlin and of our intention help much as possible in solution its economic problems.

(*d*) An unpublished directive to High Commission instructing it take various measures for the improvement of position of Western sectors of Berlin and to study what counter measures could be adopted if Soviets again try interrupt Berlin's communications with West.[4]

(*e*) Instructions to High Commission on answer to be made to Dr. Adenauer's request for declaration that territory Federal Republic would be defended against attack.[5] The answer to be made is that, under articles 5 and 6 of the North Atlantic Treaty, an armed attack upon the occupation forces of the Western Allies in Germany is considered as an armed attack against all the parties to the treaty and will bring into operation the provisions of article 5 of the treaty.

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[2] MIN/TRI/P/13 Final, p. 1089.

[3] For documentation on the sixth session of the Council of Foreign Ministers at Paris, May 23–June 20, 1949, see *Foreign Relations*, 1949, vol. III, pp. 856 ff.

[4] MIN/TRI/P/14 Final, p. 1091.

[5] MIN/TRI/P/10 Final, p. 1085.

The reply will further state that the three powers have no intention in the present European situation of withdrawing their occupation forces from Germany.

(*f*) Joint public statement denouncing Soviet failure to return German POW's as well as Japanese POW's.

(*g*) Decision for Three Powers to send in about one week similar notes of protest through diplomatic channels to the Soviets on the creation of the militarized police in the Soviet Zone of Germany.

(*h*) Instruction to High Commission to study the limitation on German steel production, in view of fact that production is for first time since war running at about the maximum permitted level.

We also discussed following matters:

(*a*) A federal police force in Western Germany. Dr. Adenauer recently asked the High Commission for authority to establish a federal police force of 25,000. The British pressed hard for agreement to authorize the establishment of a force of 5,000. I said that I thought the matter should be studied by High Commission and that I wished to consult the President and the chiefs of staff. Mr. Schuman took somewhat similar position. It seemed be consensus opinion that it premature consider rearming Germany.

(*b*) Exports from Germany to the Soviet orbit are at present controlled in accordance with American practice, which is more restrictive than controls applied by the French and British. They pressed for agreement to place exports from Germany on the same footing as their own and for the encouragement of German trade with the East. I said that I could not give consideration to the matter until the expert committee now considering security controls on shipments to the Soviet orbit has completed its work.

(*c*) In brief discussion new French proposal on joint utilization of French and German coal and steel industries, Bevin pointed out difficulties British participation stressing conflict with British planned economy but on the whole did not depreciate French initiative. This statement somewhat warmer toward proposal than previous official British statements. I expressed appreciation for French initiative along lines my previous message and public statement. Bevin and I welcomed Schuman's suggestion French officials explain proposal in more detail to High Commission which will be done soon.

6. Austria. Ministers agreed on general principles to guide tripartite action in treating Austrian Government as far as possible as independent state and in lessening the burdens of occupation. Decision on the appointment of the civilian high commissioners was deferred until May 18 to enable M. Schuman to consult the French Government. At that time a final decision will also be made on future procedure with respect to treaty negotiations and on language of a public statement on Austrian question.[6]

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[6] For a report on the Foreign Ministers meeting on May 18, see Secto 302, May 18, p. 1071.

7. SEA–Indochina. Based on our preliminary bilateral conferences there was agreement reached on the assessment of the situation and our common objectives in SEA. It was decided that no tripartite declaration on the subject would issue from the conference. The British objected to such a declaration, partly because it would exclude Commonwealth. I did not advocate this and the French reluctantly reconciled to its absence. We also trilaterally agreed to take certain common measures in an effort to suppress gun-running into French Indochina and to cooperate on our information policies and activities in the area.

8. Colonial questions. Broad lines of policy in respect of the political, economic and social development of Africa were discussed and a wide identity of view found regarding basic objectives. It was agreed that there should be subsequent discussion for the purpose of reducing the area of disagreement regarding approaches to colonial problems in the UN.

9. Continuing consultation. It was agreed consultations among three governments should be intensified and Foreign Ministers meet with sufficient regularity so that meetings would be regarded normal events and not assembling because crisis exists.

10. Obtained general agreement our position on satellites and Yugoslavia and importance consulting and insofar possible acting in concert these questions.

There follow highlights of my bilateral talks with Bevin on subjects not also covered tripartite conversations.

1. Near East. I emphasized our concern on arms shipments to Arab states and Israel and proposed British and French join US in declaration recognizing these states need maintain certain level of armed forces to insure internal security and legitimate self-defense and permit them play their part in defense of area, and specifying (1) that arms would only be shipped on condition receipt of assurances of nonaggressive intent, and (2) that US–UK and French should signify intention taking immediate action consistent UN obligations to forestall any threat aggression within area. Bevin agreed in principle. Now working out drafting and procedure with British after which French will be approached.

British agreed our appraisal gravity situation Iran and views exchanged respect possible steps check deterioration that country.

2. India and Burma. British agreed our concept US role should be supplement not supplant endeavors of UK and Commonwealth which have primary interest.

3. China. Found ourselves still wide apart though Bevin frankly expressed his disquietude over protraction his negotiations with Peking on recognition.[7]

[7] For documentation on the British negotiation with the Chinese Communists on recognition of the mainland government, see vol. VI, pp. 256 ff.

An unearned increment of conference probably resulting my Washington conversations with Franks [8] was announcement by British of its action in Hong Kong to safeguard aircraft.

4. SEA. Agreed on assessment of situation and British reaffirmed their intention of discharging their particular responsibilities in area.

5. Palestine Relief Agency. I stressed importance British contribution. Bevin promised to review.

6. In discussions British position in world and our relationship with British, following British preoccupations emerged:

(*a*) Their emphasis on Labor's domestic program and UK viability by 1952.

(*b*) Their desire for a "special relationship" with US.

(*c*) Their desire to maintain their Commonwealth and sterling area or world position as distinguished from role of an European power.

(*d*) Their resulting emphasis on developing NATO as an Atlantic community umbrella as distinguished from French theory of developing strictly European organizations such as OEEC.

(*e*) Their concern over divergencies UK–US policy as illustrated by China and colonial matters.

There follow highlights bilateral talks Schuman on matters not duplicated tripartite discussion.

1. Indochina. This was main subject discussed in detail Paris. Mr. Schuman in his opening statement to me substantially met us on the points which we have been impressing on the French without success up to this point. Mr. Schuman reaffirmed the acceptance of responsibility for Indochina by France; he acknowledged that US assistance must be supplementary and not substituting; he assured us that the March 8 agreements would be loyally executed and liberally implemented; [9] he stated that the Cabinet had taken the decision to establish a new ministry for handling the affairs of the Associated States. Mr. Schuman did not make exaggerated requests for aid and seemed gratified with what I was able to tell him. In effect, I said that I was hopeful that for the balance of the fiscal year amounts might be found for both military and economic aid coming up to the neighborhood of $20 million, that we were proceeding urgently on the top priority military items requested by the French and that I was hopeful favorable action on legislation now before Congress would enable us to continue military and economic support in the fiscal year 1951. On balance I feel that the talks with the French on the subject of Indochina were successful.

2. Palestine Relief Agency. I stressed importance French contribution and Schuman said he thought would be forthcoming in June.

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[8] Sir Oliver Franks, British Ambassador to the United States.

[9] In Secto 257, May 14, not printed, Secretary Acheson reported that Schuman had stated "on top secret basis that with the attainment of security in Indochina, French would re-examine the situation and did not consider the March 8 agreements were 'the last word.'" (396.1 LO/5–1450)

In general, while the results of conference are not spectacular from the press point of view, I feel both in my talks and the preparatory talks progress has been made especially with respect to better understanding of fundamental questions confronting us which will pave the way for improved cooperation and more effective concerted action in future.

Sent Department Secto 256, repeated Paris 848, Frankfort 231.

ACHESON

CFM Files : Lot M–88 : Box 151 : Secto Cables : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET LONDON, May 16, 1950—6 p. m.

Secto 276. Further discussions Iran held at meeting this morning between Hare and Palmer for US and Wright, Furlonge and Leavett for UK.

Referring to our previous talks on this subj (Secto 186 May 6 [1]) Furlonge said FonOff had asked for comments Brit Amb Tehran on proposed line of action.

Re suggestion economic mission, Brit Amb thought Iran already over-surveyed and doubted wisdom tying any proposed statement on Iran to announcement of econ mission. Hare explained we did not regard this as just another econ mission, but one which wld be headed by well known personage and wld concentrate on immediate concrete achievement.

Brit Amb did not think step-up in informational activities wld do very much good. What Iranians need is not more info but general "gingering up". Hare said not our intention merely concentrate on conventional info activity but to develop new tactics which wld have real impact on existing sit.

Re AIOC supplementary agreement, FonOff reps stated they had given careful consideration our suggestions. Agreement had been reached with Iranian Govt after much careful preparation, during course of which Mr. Bevin had talked to AIOC officials to emphasize from political standpoint necessity reaching equitable agreement. FonOff feels present supplemental agreement is fair one. From standpoint of positive assistance to help Iran thru her present difficulties, FonOff feels ratification agreement in present form wld be big contribution. Everything therefore seems to point to desirability early

[1] *Ante*, p. 986.

ratification in present form. If, on other hand, parties start tinkering with agreement at present time, it may take months before matter can be sewed up and Iran receive increased benefits which it needs so badly to undertake developmental program.

Hare said there seemed to be differences in UK and US assessment of possibility of agreement getting thru Majlis. We had doubts re prospects ratification in present form and have been somewhat worried by UK take it or leave it attitude. We recognize that agreement offers a good deal, but we wondered if it had not gotten into too rigid a framework.

Wright said FonOff appreciated force our arguments. UK has considered question very carefully from all points of view, including political and is sure it is taking right stand in pressing for ratification in present form. He wld draw up for our info list of points in agreement which UK considers strong and beneficial to Iran. In light our joint appraisal Iranian sit and need proffer econ assistance, he felt it wld be to benefit of everyone concerned to bend our efforts toward getting present supplemental agreement thru Majlis. In order assist in this, he suggested our Amb in Tehran might, in informal convs with Iranians, take line that we feel that supplemental agreement contains very solid benefits for Iran and that after talking to UK, we are convinced that there is no chance of UK agreeing to increase those benefits.

UK reps noted that we were both in agreement re desirability econ assistance to Iran in order bolster morale, give us peg on which to hang statement and create favorable atmosphere for urging reforms. They were somewhat apprehensive, however, that, if we proffered Eximbank loan prior ratification AIOC supplemental agreement, Iranians might be less anxious proceed with ratification. Hare emphasized critical nature of Iranian sit and need for speedy action. If AIOC difficulty cld be ironed out soon, it wld be great help but, since immediate prospect not encouraging, we shld endeavor press on with any other practicable steps. Wright agreed re urgency and wondered whether there was any way in which two forms of financial assistance might be linked together in order to bring maximum combined contribution to bear on Iranians present problems. Specifically, wld US find it possible take line with Iranians that we were studying possibility financial assistance to Iran, but that meanwhile Iran has prospect obtaining substantial benefits from AIOC agreement and that we feel they shld go ahead with this form of self help immediately. Moreover, he wondered whether it wld be preferable to approach Shah re desired reforms after announcement financial assistance or whether it wld be preferable to make such financial assistance conditional on compliance with reform suggestions.

We agreed put these points to Dept and to Emb Tehran. UK is also putting them to their Emb Tehran and it was agreed that it wld be useful if two Ambs Tehran cld, after consulting together, give us their views on following two points:

1. Desirability linking together questions Eximbank loan to ratification AIOC agreement; and
2. Question of linking two forms of financial assistance to question social and financial reform.

Suggest Dept repeat this tel to Tehran together with section on Iran contained Secto 186 and any other appropriate background material. Also suggest Tehran's reply shld be reviewed by Dept prior discussion with FonOff.

[Repeated] AmbEmb Tehran 18.

396.1 LO/5–1650 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET PRIORITY LONDON, May 16, 1950—10 p. m.

Secto 278. As agreed May 13, Jessup met Makins, Alphand and Robertson (Canada) on Monday on question closer economic association of Western Europe, US and Canada.[1]

Following points of view emerged. Alphand indicated France wished to establish a relationship of US and Canada with OEEC through which development of long-term relationship would be studied. NAT not suitable because of neutrals and Germany (although conditions might some time change). OEEC would remain European organization for purely European affairs but link between US and Canada and OEEC would permit study of common problems such as trade, investment, migration, Point IV.

Makins said British saw four sets of problems: (1) Dollar gap which was being dealt with by OEEC and US. (2) Economic problems arising from defense which fell within competence NAT. (3) Implementation Article 2 which should be studied by new body to be set up in NATO. (4) Eventual association with NAT of countries not now members, which was not an immediate problem. British position open and mainly wanted to be sure nothing was done to prejudice line of development (i.e. under NAT).

Jessup said US planned to move vigorously on role it should play particularly in terms of situation which we must expect after 1952. Important to be able to point out to Congress that parallel action was

[1] A memorandum of their conversation, not printed, is in file 396.1 LO/5–1550.

being taken by OEEC and Canada. In our view OEEC was functioning successful organization which could be used to make progress on necessary planning. We thought it might be useful to create a working relationship between Canada, US and OEEC for purpose of working on these problems. We did not envisage this as something requiring amendment OEEC convention. Also it would not prejudice development long-term relationship. There appeared to be difference of view as to where we wanted to emerge in terms long-run relationship which affected question of where it should be studied, i.e., by NAT or OEEC. We hoped to discuss this more fully this week, but thought proposed relationship with OEEC should be confined to work on problems immediately ahead.

Alphand thought French view was close to US but that French were also looking farther ahead to question of what character of future association should be. Robertson thought suggestion was a useful one but indicated strong Canadian interest in developments under Article 2. Makins thought discussion had greatly clarified issues and asked Jessup what action he had in mind. Jessup replied he had been thinking in terms of possible statement by four Foreign Ministers and was requested by others to draft one for discussion Tuesday.

US delegation prepared statement which can be summarized as follows:

1. Three Foreign Ministers discussed complex immediate problems with emphasis what needs to be done.
2. US Foreign Minister indicated value of present relationship to OEEC and thought would be helpful "to broaden this relationship so that it would provide a forum for discussion and consideration of the immediate economic problems of general concern to Western Europe, Canada and the US." Canadian Foreign Minister indicated similar interest in participating study these problems.
3. French and UK Foreign Ministers hoped OEEC would invite Canada and US to establish, on an informal basis, working relationship with OEEC.
4. OEEC should remain primarily concerned with European economic problems.
5. Economic problems related to defense fall primarily within competence NATO.
6. Acknowledges continuing interest of US, Canada and Western Europe in developing economic ties and possibility this may require new organizational arrangements.
7. But urgent task is to make progress on immediate economic problems and proposed relationship with OEEC would facilitate necessary cooperative action.

Statement handed others this morning. Little immediate comment but reaction generally favorable. They will be submitting suggestions during day and third meeting will be held tomorrow.[2]

[2] No records of these meetings have been found in Department of State files.

In view French-British divergence on question development OEEC versus NATO, we believe this is about as far as we can go at present. Harriman thinks this important step forward.

Learned this afternoon that Pearson is strongly in favor US and Canadian relationship to OEEC and supports draft US statement with few revisions. However, Ottawa received wrong impression from Pearson's cable and he sent another today in attempt to clarify. We hope will be possible release announcement Thursday.[3]

[3] The text of a draft statement, as agreed by the representatives of the four countries, was transmitted in Secto 282, May 17, not printed (396.1–LO/5–1750). It was submitted on May 18 to the Foreign Ministers who agreed to it with minor textual changes. For the text of the statement, as released to the press on May 18, see Department of State *Bulletin*, May 29, 1950, p. 827.

396.1 LO/5–1850 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State

SECRET PRIORITY LONDON, May 18, 1950—6 p. m.

Secto 302. Ministers accepted Department's recommendations treaty procedure as transmitted in Delau 460 (I treaty issues, paragraphs 1–4).[1]

Following is text of declaration on Austria accepted by Ministers for release Saturday morning, May 20. Exact time of release will be communicated later:

"The Governments of the US, UK, and France reaffirm that their policy with respect to Austria requires the earliest possible completion of an Austrian treaty which will lead to the restoration of a free and independent Austria in accordance with the pledge given in the Moscow Declaration of November 1, 1943 and to the withdrawal of the forces of occupation.

To this end the three governments are ready at any time to settle without delay all outstanding issues of the treaty, provided that this will definitely bring about agreement on the treaty as a whole. If, however, the unwillingness of the Soviet Government to settle all outstanding issues continues to prevent the conclusion of the treaty, the occupation will have to be maintained for the present. But the three governments are themselves prepared to carry out such measures as may properly be taken to strengthen within the framework of existing quadripartite agreements the authority of the Austrian Government and to lighten the burden of the occupation on Austria.

[1] The meeting of the Foreign Ministers was held at Lancaster House from 2:35 to 2:55 p. m. on May 18. Attending for the United States were Secretary Acheson, Jessup, Douglas, and Reber; for France, Foreign Minister Schuman, Parodi, Massigli, and Berthelot; for the United Kingdom, Foreign Secretary Bevin, Lord Henderson, Kirkpatrick, and Mallet. The United States Delegation minutes of the session are in CFM Files: Lot M–88: Box 151: London Conferences, London 1950.

In accordance with the provisions of article 9 of the control agreement of June 28, 1946, the three governments have decided to proceed at any early date to the appointment of civilian High Commissioners."

British Government is transmitting foregoing text to Vienna for communication by three Western Ministers to Austrian Government prior to release.

French Government has accepted US/UK recommendations for appointment civilian High Commissioners Austria with understanding that such action does not affect French military position as defined in existing agreements.

Bevin and Schuman accepted following US principles to guide transfer from military to civilian control:

"(1) No break should occur in the continuity of authority and operations in the Allied Council organization during the transfer from military to civilian control.

(2) No situation should be created by the transfer which will prevent immediate military action by the Western authorities if and when required.

(3) No impression should be given to the Austrians that they are being deprived of military protection by transfer of control."

British and French agreed to US proposal that serious consideration be given to various means to reduce occupation costs in Austria.

Sent Department Secto 302; repeated information Paris 877, Vienna 116, Moscow 151.

DOCUMENTS DISCUSSED BY THE FOREIGN MINISTERS[1]

Conference Files: Lot 59 D 95: CF 25

Agreed United States/United Kingdom Report[2]

TOP SECRET

LONDON, May 6, 1950.

MIN/UKUS/P/5

CONTINUED CONSULTATION ON AND CO-ORDINATION OF POLICY

1. It is the common purpose of the two countries to build up the strength and closer unity of the non-Communist world.

2. In working towards this purpose special burdens and responsibilities fall upon the United States and the United Kingdom. They

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[1] The following selection of documents is not inclusive but represents the papers which were considered most important by the Foreign Ministers, and which have not already appeared in the footnotes to previous documents.

[2] Attached to the source text was a cover sheet which indicated that Secretary-General Shuckburgh was circulating this paper for consideration by the Ministers in connection with items 3, 4, and 5 of the agenda (U.S.–U.K. relationship).

would bear the principal brunt of action in the event of war, and they have common interests not only in the Atlantic area but throughout the world.

3. If they work at cross purposes the effort to build up the strength of the non-Communist world will be endangered, if not paralysed.

4. In the light of these special responsibilities it is particularly desirable that, in the light of their obligations as members of the United Nations and of their other associations, there should be continuous consultation and close co-ordination of policy between them.

5. It is of course recognised that the development of closer consultation with other like-minded Governments is desirable, and that opportunity should be taken to develop the practice, which already takes place in a wide field.

6. It is further recognized that the close relationship between the United States and the United Kingdom should assist closer United Kingdom relations with Western Europe, and foster the development of closer relations between all members of the Atlantic Community.

7. It will be of advantage if as a result of the present discussions common objectives can be identified both in geographical areas and in functional fields. An attempt should be made to bridge such divergencies of view as may be found to exist. If there are points on which it is impossible for the time being to reach agreement, it should be the aim to limit as far as possible both the area of disagreement and the effect of such disagreement on other questions.

8. If such a body of common objectives can be worked out, it would be of advantage to arrange for periodical reviews of them as a whole. One suggestion is that this might be done in one of the two capitals between the Foreign Secretary and the Ambassador of the other at intervals of perhaps two months.

9. It should be an essential principle in the co-ordination of policy that it is contrary to the policy of either Government to injure the other or take advantage of the other. On the contrary, it should be their parallel and respective aim, within their agreed objectives, to strengthen and improve each other's position by lending each other all proper and possible support. This principle has already been recognized on both sides in a particular area, namely, the Middle East, and therefore would not constitute a new departure.

10. One field in which divergent attitudes might result in weakening of each other's position in face of communist attacks is the approach to colonial questions. Further discussion and consultation is desirable with the aim of avoiding misunderstandings and divergencies both

in general approach and in discussions in the United Nations. In this general category of questions the problem of Africa should receive special consideration.

11. As regards the United Nations, it is highly desirable to avoid divergencies at Lake Success and in general (subject always to special cases) to avoid situation arising in which one country finds itself in the position of opposing or voting against the other. There might be advantage in extending the practice of consultation prior to important meetings of the United Nations.

12. Consultation in the specialized agencies of the United Nations might be further developed, and delegations attending technical conferences, e. g. on radio frequencies, might be briefed more fully in the light of general common objectives.

13. In the strategic field it is noted with approval by both sides that the principle of close direct consultation is already established and is being put into effect.

14. United Kingdom representatives suggest that the question of exchanges of security information, and certain questions concerning Atomic Energy, may require discussion later in the talks.

15. Increased co-ordination on information policies is desirable and should be further discussed. There may be scope for some additional machinery for this purpose.

16. In the co-ordination of policy constant day by day exchanges of view play an important part. This is particularly valuable before policies are finally formulated. Constant contact between officials at appropriate levels is an important factor.

17. The appointment of officers specially qualified in particular fields to the respective Embassies has proved a valuable experiment which might be continued or developed with advantage.

18. Consultation and co-ordination between American and British representatives in the field, as well as in Washington and London, is important and might be further developed where appropriate. In some areas representatives in the field have already been given a general directive in this sense. This might be further developed.

19. Consideration should be given to the question of assuring that appropriate procedures exist in each government for bringing to the attention of other departments and agencies the practice of consultation and the general policy considerations which should be kept in mind even in technical matters.

20. The economic aspects of co-operation are dealt with in other papers.[3]

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[3] The text of UKUS/P/5 (Rev.), dated May 4, not printed, is the same as that of MIN/UKUS/P/5, with the single exception that paragraph 6 is not present in the former, and the remaining paragraphs are renumbered accordingly (Conference Files: Lot 59 D 95: CF 24).

CFM Files : Lot M–88 : Box 150 : Documents MIN/TRI/P

Report of the Tripartite Preliminary Meetings on Item 1

TOP SECRET London, May, 6, 1950.

MIN/TRI/P/1 [1]

ITEM 1. REVIEW AND AGREEMENT ON COMMON WORLD-WIDE OBJECTIVES IN THE LIGHT OF ASSESSMENT OF THE CURRENT WORLD-WIDE SITUATION

The preparatory discussions between officials of the three governments result in the following analysis of the current world-wide situation:

A. GENERAL SITUATION

1. The balance of military power in the last twelve months has shifted in favour of the Soviet Union, and the present situation is one of increasing danger. Their possession of the atomic bomb is of cardinal importance, but will not of itself become a direct military factor until the Russians acquire a stockpile. The Soviets are trying out weak spots in the Western position throughout the world, and having got possession of the atomic weapon and strengthened armaments generally, they may feel inclined to take greater risks than hitherto.

2. But the strength of the Soviet position should not be overestimated. It suffers from certain fundamental weaknesses, namely the relationship of suspicion and fear between ruler and ruled, the similar relationship with Satellite Governments and peoples, the problem of Stalin's succession, and the fact that the system depends on "dynamic advance" and is liable to be endangered by any major check.

3. Among the factors which can be counted to the credit of the West over the past year are: (*a*) economic recovery in Western Europe: (*b*) the defection of Tito: (*c*) the success in Berlin: (*d*) the signature of the North Atlantic Treaty: (*e*) the holding of the position in Western Germany: (*f*) the fact that there has been no economic slump. Finally it should be remembered that the Russians usually move with great caution in foreign affairs.

4. The defection of Tito may, in the general balance sheet, in the American view, largely offset the Soviet victory in China. This view is not shared by the French and United Kingdom representatives.

[1] The first draft of this paper, TRI/P/12, not printed, had been submitted by Shuckburgh on May 3 and revised at a U.S.–U.K. bilateral meeting on May 4. The resulting draft was transmitted to the Department of State in Secto 138, May 4, p. 961. The revised draft was considered at tripartite plenaries on May 5 and 6 and further revised before being submitted to the Foreign Ministers as MIN/TRI/P/1. The Foreign Ministers discussed it at their first meeting on May 11 and agreed "that the contents of document MIN/TRI/P/1 should be accepted as guiding principles," that the contents "would not be made public, nor would it be regarded in any way as an agreement binding the Governments." (MIN/TRI/DEC/1, not printed, Conference Files: Lot 59 D 95: CF 21) For a report on the Foreign Ministers meeting, see Secto 230, May 11, p. 1033; regarding the tripartite plenary meetings, see editorial note, p. 1000.

5. It is not thought likely that, apart from a miscalculation, the Soviets will launch a war for the next few years. The really dangerous point would come when they feel they are strong enough to deliver a decisive aerial attack.

6. Since the industrial potential of the Soviet Union is considerably less than that of the West, it is unlikely that they will court a major war, but since they are becoming more confident of protecting the Soviet Union from attack, they may, even in the immediate future, adopt increasingly aggressive policies at key peripheral points such as Iran which the West would be obliged to accept or to counter with force, and they may be inclined now generally to take greater risks than hitherto in areas where they think the West may be likely to acquiesce in a Soviet advance.

7. Germany is the central point of the struggle between East and West and is so regarded by the Soviets. If the Soviets lose the struggle for Germany they may lose the initiative generally, and the principle of "dynamic advance" may come into play against them. Equally, the peaceful association of Western Germany with the Western powers is essential to the latter, and to any effective build-up of Western Europe which is of urgent importance.

8. South East Asia including Burma, Indo-China and Malaya is a weak spot in the Western position. So also is Iran. Potentially dangerous situations in varying degree exist also in the Philippines, Korea, and the Indian subcontinent. In Greece the situation is greatly improved but the strategic position of Greece is such that it must be kept under constant watch and it is vital that our control should be maintained.

9. The situation requires a determined effort by the Western countries to regain and maintain the initiative and to build up a position of strength through the maximum deployment of their joint resources to the end that peace may be preserved.

B. PARTICULAR SITUATIONS

10. *Germany.* The holding of the situation in Berlin and the establishment of the German Federal Republic constituted important gains for the West in a vital area of the struggle. The Soviet Government have however also made great efforts in recent months to consolidate the Communist position in Eastern Germany and to keep up the pressure on the Western Powers, particularly in Berlin. To retain the initiative in Germany the Western Powers must continue to pursue energetically the policy agreed upon in Paris in November 1949 of promoting the closer association of the German Federal Republic with the West and of developing the prestige and authority of the Federal

Government as the only representative Government in Germany. It is our aim to work for the integration of Germany in the European community.

11. Meanwhile, it would be a mistake to consider the German problem simply as a factor in the relations between the Soviet Union and the Western Powers. The German problem must also be considered on its own merits against a European background and account must be taken of the relations to be established between Germany and other European powers.

12. *South East Asia.* Since the end of the war the dominant theme in the greater part of South East Asia has been nationalism and desire for freedom from colonial tutelage. The Communists have been to some extent successful in turning this to their advantage, for example, by assuming leadership of the nationalist movement in Indo-China. Measures already taken and still in process of institution to satisfy the aspirations of the peoples of South East Asia for political freedom have, however, had varying, but on the whole encouraging degrees of success in allaying but not in averting the danger that the area might make common cause with the communists against the western world .There thus remains the danger that the area, which is of great importance to the nations of the free world strategically, politically and economically, may yet be lost as a result of internal revolts by supporters of international communism, within the borders of the various countries. The fact that China is at present under communist control encourages these local communists, tends to maintain the masses in a neutral or vacillating attitude, and makes the retention of a free South East Asia more difficult but even more necessary.

C. BROAD OBJECTIVES

13. In the light of the above assessment it appeared to the representatives of the three Governments in the preparatory discussions that the following should be the broad common world-wide objectives:

(*a*) The Western powers must do their utmost to prevent further Soviet advances in the world, by armed aggression, indirect aggression, or subversion, which would strengthen the Soviet position in contrast to the West.

(*b*) Continuing economic progress and development is essential to the holding of the Western position.

(*c*) The West must create a framework in which the maximum industrial and military strength can be deployed. This can only be done by the combined resources of the North Atlantic Treaty powers acting so far as possible in cooperation with all other free nations.

(*d*) This involves the building of economic strength necessary to support the requisite increased defense effort and at the same time to permit improvement in standards of living, which in turn means, among needed steps, increased productivity, better use of available manpower, and where possible the development of freer trade and convertibility of currencies.

(*e*) The North Atlantic Treaty must therefore be strengthened through the development of common planning for defense, coordination of policies, and concerted action for the implementation of those policies.

(*f*) The United States, United Kingdom and France, in working for their common purpose should exercise their influence in such a manner as to take into account the aspirations of all the peoples of the free world whose best interests lie in close association with them and with each other.

(*g*) The West should regain and retain the psychological initiative, which means building faith in freedom into a dynamic force rather than something which is taken for granted, and increasing public understanding of the nature, methods, and danger of the forces by which it is threatened.

(*h*) The efforts of the Western Nations should be directed toward reducing the risks of war and establishing the conditions of a lasting peaceful settlement. This requires the development of adequate strength and consequently the combination of their efforts for building up that strength.

CFM Files: Lot M–88: Box 150: Documents MIN/TRI/P

Memorandum of the Tripartite Preliminary Meetings on Items 6 and 8[1]

TOP SECRET

London, May 9, 1950.

MIN/TRI/P/4[2]

1. It is agreed that there is no prospect that negotiations with the Soviets at present would lead to any general settlement. The right course for the West is therefore to continue to build up situations of strength.

2. Nevertheless, the door should not be closed and the Three Powers should be prepared to examine the situation again if for any reason

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[1] United Nations developments and the general attitude toward the Soviet Union.

[2] The first draft of this paper was submitted by Shuckburgh on May 3 as TRI/P/13, not printed. It was the same in substance as MIN/TRI/P/4. TRI/P/13 was revised at the tripartite plenary on May 6 and submitted to the Foreign Ministers who considered it at their first meeting on May 11 and recorded their general agreement with it. For a record of their meeting, see Secto 230, May 11, p. 1033; regarding the plenary meetings, see editorial note, p. 1000. (Conference Files: Lot 59 D 95: CF 18)

it should appear that such negotiations would be of advantage to the West.

3. Negotiations might take one of two forms

(*a*) general negotiation covering all basic subjects at issue, or
(*b*) particular negotiations such as might arise, for example, in connexion with the question of all-German elections.

It is generally felt that on the whole (*b*) would offer less opportunity for the Soviets to place the West at a psychological disadvantage and would avoid the risk of disappointment and lowering of morale in the West in the probable event of failure.

4. The Security Council would probably be the only practicable forum for general discussions, though the Council of Foreign Ministers offers a possible alternative.

5. If it should become necessary to enter into such negotiations, the following conditions would be desirable

(*a*) that the West should enter upon them on the basis of some new position of strength and that therefore our combined efforts now should be directed to building up this needed strength.
(*b*) that they should be careful to ensure that the discussions covered such issues as suited them and should prepare concrete proposals which the Soviets would have the onus of accepting or rejecting.

6. It should be agreed between the Three Powers that none of them will negotiate with the Soviet Union on matters of common interest unless the other two agree on the need for such a step and participate in the negotiations, and prepared positions are worked out in advance.

(i) *Mr. Lie's proposal for a special meeting of the Security Council*

7. This proposal is recognised to be stillborn until the problem of Chinese representation has been solved. Once this question is settled it will be difficult for the three Governments to refuse an invitation to attend such a meeting, however poor the prospects of success. The question of the Agenda would have to be carefully considered. Any discussion of basic issues would have little chance of success, while public opinion might not understand if discussion were limited to minor specific problems. If there were to be a meeting of any kind it would be best for it to take place in New York before the meeting of the General Assembly in the autumn. Despite these considerations, factors of United Nations prestige and effectiveness which would need to be taken into account, might make a meeting advisable.

(ii) *The problem of Chinese Representation in the United Nations*

8. Serious problems will arise from the continued absence of the Soviets from the United Nations up to or even during the meeting

of the General Assembly. The chief of these will arise when the question of new membership is considered. The Powers will be faced with the following alternatives:

(*a*) to vote for their own nominees, e. g. Ceylon, Italy, etc., and to reject Soviet nominees;
(*b*) to accept both their own and Soviet nominees;
(*c*) to avoid action on the question;
(*d*) as a last resort to reject both their own and Soviet nominees.

The drawbacks to these four courses of action are obvious. Course (*a*) might result in actual withdrawal from the United Nations of the Soviet and satellite states. Course (*b*) might encourage the Soviets to feel that the Western powers are ready to go to any lengths to keep them in the United Nations and would also involve our waiving principles on which we have repeatedly stood. Courses (*c*) and (*d*) would be extremely difficult to explain to countries such as Ceylon and Italy, whose applications have been outstanding for a long time.

9. Both the United States and France are confronted by special difficulties in either voting for the admission of the Chinese People's Government to the United Nations or in recognizing the Chinese People's Government. The United States is against any form of recognition of or concession to the Chinese Communists at this time but does not intend to influence other countries to vote against seating the Representatives of the Chinese People's Government and will not use its veto if a majority is found in favour of admitting them to the Security Council.

10. The French Government are also in a difficult position, since Mao Tse Tung has formally recognized Ho Chi Minh and any move which could be construed by French and Indo-Chinese public opinion as condoning this situation might have a disastrous effect.

11. The three governments will keep the matter under consideration and, should the present situation continue until around the first of August, will arrange for it to be examined jointly by their representatives in New York, as a part of the preparation for the next General Assembly of the United Nations.

(iii) *The attitude to be adopted towards the Soviet Union and the Satellite States is a problem common to the three Governments*

12. The attitude to be adopted towards the Soviet Union and the Satellite States is a problem common to the three Governments.

13. Diplomatic relations should be maintained with the Satellite States as long as is feasible, i. e., as long as conditions are not intolerable, in order to maintain as much contact as possible and to show the

peoples of those countries that the Western Powers have not abandoned them. It would also enable advantage to be taken of any situation similar to that created by Tito's expulsion from the Cominform.

14. The three governments should keep in constant consultation concerning the general situation in and general attitude to be adopted towards the satellite countries. The forum for this consultation should be determined. If any one of the Governments is considering any major form of retaliation such as restriction on travel for satellite missions, the three governments should consult and if possible arrange for all three to take similar action. This would apply also to any special measures affecting Soviet missions.

15. The three governments should coordinate their propaganda and concentrate in particular on the point that the peoples of these countries have not been written off as members of the European community. It might be possible for mention of this to be made in the Council of Europe from time to time.

Suitable use should be made of the United Nations forum to keep before the world the issues that these countries are being deprived of their independence, and their peoples of their fundamental human rights.

(iv) *Exiles*

16. Although exiles and political refugees from satellite countries should be used with caution, opportunities exist for their judicious use. The United States, United Kingdom and France should consult with a view to coordinating their attitudes on this problem.

(v) *Yugoslavia*

17. It is essential to the interests of the Western Powers that the Soviet Union should not succeed in its campaign against the Titoist movement. There is at present no hard evidence that the Soviet Union is taking special measures to overthrow him by force, but the question of furnishing him with various military supplies in the event of an attack is under consideration and should be made the subject of active consultation in the event that a serious situation threatens.

18. The economic stability of the country is the weak point and attention is drawn to the importance of rendering sufficient financial assistance to enable the Yugoslav economy to withstand Soviet pressure. The International Bank loan is an important element. The three Governments should keep in touch in regard to the possibility of financial aid.

Conference Files : Lot 59 D 95 : CF 20

Agreed Tripartite Minutes on Southeast Asia [1]

TOP SECRET
MIN/TRI/P/9 Final [2]

LONDON, May 22, 1950.

I. General

South East Asia is of great importance to the nations of the free world strategically, politically and economically. The loss of the area to Communist control would constitute a serious defeat for all the free world. The fact that China is now under Communist control makes the retention of a free South East Asia more difficult but the necessity more compelling than before.

2. The control of South East Asia by world Communism is essential to the rapid success of Communist strategy in the Far East. The control of and responsibility for China, without free access to the economic and political resources of South East Asia, leaves the Communists with a substantial increase in their liabilities without, in the short run, a corresponding increase in their assets. This is an additional reason for denying this region to the Soviet system.

3. From the end of the war, the dominant theme in the greater part of South East Asia was nationalism and the revolt against Western colonial domination. Though the Communists were to some extent successful in turning this to their advantage measures such as the establishment of Burma and Indonesia as independent nations have done much to meet the desire of the peoples of South East Asia for political freedom and to retain their goodwill and readiness to cooperate with the Western democracies. Nevertheless the Communists continue their efforts to divert the forces of nationalism to their own ends. In Indo-China, where the Communists achieved some success in this respect, the steps taken to establish independent states within the French Union offer the way to a solution of the Indo-Chinese nationalist problem.

4. It is axiomatic that the Western Powers must accommodate themselves to those nationalist movements of South East Asia which are favourably disposed to the West; otherwise, they will inevitably

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[1] Attached to the source text was a cover sheet, not printed, which stated that "the Ministers did not formally approve MIN/TRI/P/9, but amended paragraph 7 and dealt with the questions raised in the introduction." Concerning MIN/TRI/P/9, see footnotes 2 and 3 below.

[2] MIN/TRI/P/9 had an introduction which noted the French reservations on paragraphs 7 and 8 and set forth the views of the British and French on a joint three-power declaration on Southeast Asia. In the course of the fifth tripartite Foreign Ministers meeting it was agreed that a declaration was unnecessary; paragraph 7 was revised as indicated in footnote 3; and paragraph 8 was left unchanged. For a report on the meeting, see Secto 246, May 13, p. 1052.

gravitate towards the U.S.S.R. and its satellites, including China. In the case of those nationalist movements in South East Asia which are already oriented towards the Soviet Union, means other than force alone must be employed to weaken and reverse their ties to the Kremlin.

5. It is important for the economy of Western Europe that Western European trading and business interests in South East Asia should be maintained; but the considerable investment of capital and technical skill made by the Western Powers in South East Asia and the presence in both the independent countries and the colonial territories of South East Asia of substantial European communities provide firm foundation for the further development of the area in a spirit of co-operation between Asian and European countries. The countries of South East Asia are rich in natural resources and certain countries in the area at present produce surplus foodstuffs (considerable quantities of which, however, are consumed in other parts of the area). Thus discontent in the area does not feed primarily on poverty and misery, though the rate of increase of population in the area calls for immediate expansion of food production. The region as a whole is economically under-developed, however, and as a long term counter to Communist encroachment it is desirable that all the Governments of the region should collaborate to intensify measures of development designed to raise the general standard of living.

6. In the same spirit of co-operation the administrative experience of the Western nations should be made available to the countries of South East Asia and they should be encouraged so far as possible to avail themselves of Western assistance.

7. Although the security of South East Asia is of strategic importance to the United States, the British and French have direct responsibilities in the area which make its security of even greater concern to them. The forcible expulsion of French and British forces from Indo-China and Malaya, respectively, would be both a military and political disaster.[3] The United Kingdom therefore reaffirms its intention to continue to discharge its responsibilities in British and British-protected territory in the area. The French Government considers that it is only within the framework of close and active co-operation with the United Kingdom and United States Governments that it will be able to continue effectively to discharge its particular responsibilities in this region.

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[3] The remainder of paragraph 7 in MIN/TRI/P/9 read: "The United Kingdom and France therefore reaffirm their intention to continue to discharge their responsibilities in British and British-protected territory and in French Union territory respectively, in the area."

8. The United States has taken and will continue every diplomatic action which appears practicable to defend South East Asia against further Communist encroachment. It is also prepared to accord military aid within its capabilities and is examining the possibility of according economic aid to Indo-China and certain other parts of the area.

II. Suggested Joint Action

9. The following, while by no means exhaustive, are certain measures which might be jointly taken by the Governments of France, the United States and the United Kingdom :—

(a) arms smuggling

10. It is recognised that there is a considerable amount of arms smuggling taking place in South East Asia and that these arms are being supplied to subversive movements throughout the area. Thailand is believed to be one of the focal points for this arms traffic; for example, arms are known to be smuggled over the Thai-Cambodian border into Indo-China for use by the Vietminh forces.

11. It is therefore suggested that the French, United States and United Kingdom Ambassadors in Bangkok should be instructed to meet together to discuss ways and means of influencing the Thai Government to exercise stricter control over the smuggling of arms into and out of Thailand.

12. Inasmuch as the Philippines are a recognised source of smuggled arms, which find their way to Thailand and to other destinations (e. g. Malaya and Indonesia), the United States delegation has recommended to the Department of State that an approach might be made through the diplomatic channel to the Philippine Government on the subject.

13. The three Governments might also give further consideration to the general problem of checking the illicit arms traffic in South East Asia.

(b) coordination of policy in regard to publicity

14. In view of the common threat to the area from subversive movements led by the local Communist Parties, and the revolutionary propaganda they are issuing in accordance with the general line given out by Moscow, it is suggested that the Three Governments should seek to coordinate their policy on exposing and combating Communist propaganda through consultation between their appropriate authorities in the area.

15. It is recognised that there is much material provided by captured documents which could be used to good purpose for exposing the aims and designs of the Communists. It is suggested that the

representatives of the three Powers in the area consult together with a view to making the best use of this material.

Conference Files: Lot 59 D 95: CF 20

Paper Approved by the Foreign Ministers [1]

SECRET

London, May 22, 1950.

MIN/TRI/P/10 Final [2]

Security of German Federal Republic
Reply to Dr. Adenauer's Request

The three High Commissioners, having consulted their Governments on the request made by the Federal Chancellor for a declaration that the territory of the Federal Republic would be defended against attack, have been authorised to make the following reply.

Dr. Adenauer's request was sympathetically considered by the Foreign Ministers of the three Powers in the course of an examination of questions relating to the security of Germany during their recent meeting in London.

The Federal Republic does not lie alone and unprotected in Europe. Under Articles 5 and 6 of the North Atlantic Treaty, an armed attack upon the occupation forces of the Western Allies in Germany will be considered as an armed attack against all the parties to the Treaty, and will at once bring into place the provisions of Article 5 of the Treaty. So long, therefore, as the Western occupation forces remain in Germany the Federal Republic enjoys, in effect,[3] protection under the North Atlantic Treaty.

The three Allied Powers have no [4] intention in the present European situation of withdrawing their occupation forces from Germany.

Proposed oral explanation

The defence for Germany at present, as for the rest of Western Europe, will be assured by further consolidating the system expressed in the North Atlantic Treaty and so deterring the Russians from launching a war. The building of this system is proceeding steadily

[1] Attached to the source text was a cover sheet, not printed, which stated that this paper was approved by the Foreign Ministers at their fourth meeting on May 12. Regarding this meeting, see editorial note, p. 1051.

[2] This paper is a revision of MIN/TRI/P/10, as amended by the Foreign Ministers at their fourth meeting. MIN/TRI/P/10 was prepared by Subcommittee B on May 6 but was not discussed at the tripartite plenary meetings. For its text, see footnotes 3, 4, and 5 below.

[3] The remainder of this sentence in MIN/TRI/P/10, read: "the same measure of protection under the North Atlantic Treaty as is enjoyed by any of the parties to that Treaty."

[4] The word "present" was deleted from MIN/TRI/P/10 at this point.

under the combined efforts of all the members of the North Atlantic and Brussels Treaty organisations.[5]

Furthermore, the High Commissioners wish to point out that the common object of deterring the Russians from attacking the West through Germany will most effectively be secured by convincing the Russians (*a*) that such an attack will involve them in a world war, and (*b*) that the defence of the West will be effectively conducted. Point (*a*) is ensured by the presence of Allied troops in Germany: (*b*) is the responsibility of the Atlantic Pact and Brussels Treaty Powers and is being resolutely undertaken.

[5] After this paragraph in MIN/TRI/P/10 appeared the following paragraph which was deleted from the paper at the request of the United States:

"If Dr. Adenauer seeks a guarantee that the territory of the Federal Republic will remain inviolable he is asking for a guarantee of an unprecedented nature, and one which it is in the nature of things impossible for one Power ever to give to another."

Conference Files: Lot 59 D 95: CF 20

Tripartite Recommendation of Subcommittee B[1]

SECRET London, May 7, 1950.

MIN/TRI/P/13

Draft Declaration for the Three Foreign Ministers on Germany

1. Following the London Agreements of June 1948 [2] and the Washington Agreements of April 1949,[3] the U.S.A., France and the United Kingdom replaced the military authority and the direct administration of the occupied territories in force since 1945 by a civilian regime simply of supervision. By virtue of this regime Germany was able to produce a Constitution, proceed to free elections, call a Parliament, form a Government and elect a Federal President. The Federal Government and the Governments of the *Laender* were able to take over the administration and control of internal German affairs.

Furthermore by the agreement of the 13th April 1949 [4] the Allies decided to ease the burden of reparations on Germany. Some months

[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper was a draft tripartite recommendation to the Foreign Ministers but had not been examined at the tripartite plenaries.

[2] For documentation on the London Agreements of June 1948, see *Foreign Relations*, 1948, vol. II, pp. 1 ff.

[3] For documentation on the Washington Agreements of April 1949, see *ibid.*, 1949, vol. III, pp. 1 ff.

[4] Regarding this agreement, see the press statement on the revised reparation program for Germany in *Germany 1947–1949: The Story in Documents* (Washington, U.S. Government Printing Office, 1950), pp. 425–426.

later under the Petersberg Protocol [5] an agreement was reached for the final settlement of the reparations question.

In the domain of foreign relations the Petersberg Protocol made provision for the appointment of German Consular and commercial representatives abroad. During the last few months steps have been taken by the Western Powers to secure the accession of the Federal Republic to a number of international organizations including the Organization for European Economic Cooperation. Finally, she has been invited to join the Council of Europe.

2. The Allies are resolved to pursue their aim laid down in the Washington Agreement of April 1949 and reaffirmed at the Petersberg that Germany shall re-enter progressively the community of free peoples of Europe. To this end they have decided to draw up a plan intended to liberate the Federal Republic by stages from the controls to which she is still subject, in order to give her the greatest possible measure of sovereignty compatible with the basis of the occupation regime. They emphasize that this regime is imposed on the Germans and on the Allies by the consequences of the division of Germany and of the international situation, and is moreover in accordance with the common interests of Germany and of Europe.

The Washington Agreements have already enabled the German Government to assume extensive powers and must pave the way for further progress of the same kind. While retaining the framework of those Agreements the Allies intend to give Germany the possibility of developing freely, while at the same time safe-guarding the possibility of peaceful reunification of Germany, which remains the ultimate object of their policy. The three governments reaffirm the offers which were formulated during the meeting of the Council of Foreign Ministers last June, and express the hope that the necessary conditions for the establishment of a government for all Germany may be achieved which would guarantee to all Germans respect for their laws and fundamental liberties and they have agreed upon the conditions which are necessary, in their opinion, for this purpose and which are contained in the accompanying annex.

3. The policy of the Western Powers towards Germany can only be carried out in a spirit of confident and friendly collaboration. Unless this is forthcoming the operation of the plan which the Foreign Ministers have in mind will be inevitably retarded. They trust, therefore, that the Federal Republic will fulfil the hopes placed in the wisdom of her people and her leaders and so enable the three Govern-

[5] For the text of the Petersberg Protocol of November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

ments to put into force without too much delay the intentions outlined above.

[Annex]

Draft Statement on German Unity

SECRET

LONDON, May 7, 1950.

In reaffirming the determination of their Governments to work together, in co-operation with the German Federal Government and all like-minded Powers, for the unification of Germany, the three Foreign Ministers agreed that German unity should be achieved on the basis of the following principles:—

(*a*) A freely-elected all-German government.
(*b*) Individual freedom of movement, freedom from arbitrary arrest and detention, freedom of association and assembly, freedom of speech, press and radio throughout Germany.
(*c*) Freedom of action throughout Germany for all democratic political parties.
(*d*) Independence of the judiciary.
(*e*) Prohibition throughout Germany of political secret police and police formations constituting a military force.
(*f*) Assurance of German economic unity through action by a German government on matters such as a unified currency and customs, and through quadripartite agreement on matters such as cessation of reparations from current production, and prohibited and limited industries.
(*g*) Surrender and disposal, in accordance with appropriate German legislation, of any industrial enterprise in Germany whose ownership or control was acquired after 8th May, 1945 by or on behalf of any foreign Power, unless such acquisition has quadripartite approval and the interest so approved is subjected to German Law.
(*h*) Establishment of quadripartite supervision through a four-Power Commission, exercising its reserve powers in such a way as to permit the German Government to function effectively.

The Foreign Ministers further agreed that the first step towards the restoration of German unity should be the holding throughout Germany of free elections to a Constituent Assembly. They accordingly welcome and endorse the resolution of the German Federal Republic of 22nd March, 1950 inviting free all-German elections for a national assembly empowered to frame an all-German constitution.[6] These elections should be held under international supervision and on the basis

[6] Further documentation on this resolution is scheduled for publication in volume IV.

of an electoral law to be agreed between the four Occupying Powers which would take into account the principles set forth above. The Constituent Assembly when elected should have the sole task of drafting a constitution for submission to the German people for ratification.

Finally, the Ministers agreed that with the formation of an all-German government on the basis of the foregoing principles, the Four Powers should immediately address themselves to a peace settlement.[7]

[7] MIN/TRI/P/13 was discussed by the Foreign Ministers at their third meeting on May 12, and it was agreed that it would be combined with MIN/TRI/P/7 (see Secto 169, May 6, and footnote 2, p. 932) by a committee of experts. (MIN/TRI/DEC/3, May 12. Conference Files: Lot 59 D 95: CF 21). For a report on the third meeting, see Secto 243, May 12, p. 1044. For the revised text of this paper, as approved by the Foreign Ministers, see MIN/TRI/P/13 Final, *infra*.

Conference Files: Lot 59 D 95: CF 20

Paper Agreed Upon by the Foreign Ministers [1]

SECRET London, May 22, 1950.

MIN/TRI/P/13 Final

Declaration for the Three Foreign Ministers on Germany

1. Following the London Agreements of June 1948 and the Washington Agreements of April 1949, the U.S.A., France and the United Kingdom replaced the military authority and the direct administration of the occupied territories in force since 1945 by a civilian regime simply of supervision. By virtue of this regime Germany was able to produce a Constitution, proceed to free elections, call a Parliament, form a Government and elect a Federal President. The Federal Government and the Governments of the *Laender* were able to take over the administration and control of internal German affairs.

Furthermore by the agreement of the 13th April 1949 the Allies decided to ease the burden of reparations on Germany. Some months later under the Petersberg Protocol an agreement was reached for a final settlement in regard to the delivery of plant by way of reparations.

[1] Attached to the source text was a cover sheet, not printed, which stated that it had been agreed by the Foreign Ministers at their fifth meeting on May 13. The Ministers also agreed that the annex should not be published but that both the declaration and the annex should be shown to the Benelux Foreign Ministers. (Conference Files: Lot 59 D 95: CF 20) For a report on the fifth meeting, see Secto 246, May 13, p. 1052.

In the domain of foreign relations the Petersberg Protocol made provision for the appointment of German Consular and commercial representatives abroad. During the last few months steps have been taken by the Western Powers to secure the accession of the Federal Republic to a number of international organizations including the Organization for European Economic Cooperation. Finally, she has been invited to join the Council of Europe. The progress made has been accomplished in large measure thanks to the action and the influence of the three Allied High Commissioners in whom the three Foreign Ministers are happy again to express their full confidence.

2. The Allies are resolved to pursue their aim laid down in the Washington Agreement of April 1949 and reaffirmed at the Petersberg that Germany shall reenter progressively the community of free peoples of Europe. When that situation has been fully reached she would be liberated from controls to which she is still subject and accorded her sovereignty to the maximum extent compatible with the basis of the occupation regime. This regime is imposed on the Germans and on the Allies by the consequences of the division of Germany and of the international position; until this situation is modified it must be retained in accordance with the common interests of Germany and of Europe.

The Western Powers desire to see the pace of progress towards this end as rapid as possible. Progress will depend upon the degree of confident and frank cooperation displayed by the Government and the people of the Federal Republic. In the first place the pace will be determined by the extent to which the Allies can be satisfied that their own security is safeguarded by the development in Germany of a desire for peace and friendly association with themselves. In the second place the pace will be set by the rate at which Germany advances towards a condition in which true democracy governs and the just liberties of the individual are assured. Therefore, the Western Powers wish to emphasise most strongly that the natural desire of the German people to secure relaxation of controls and the restoration of the sovereignty of their country depends for its satisfaction only upon the efforts of the German people themselves and of their Government. They earnestly trust that the Federal Republic will fulfil in this respect the hopes placed in the wisdom of her people and her leaders. Meanwhile the High Commissioners in exercising the powers reserved to them will continue to place their main emphasis upon essential elements of security and fundamental democratic issues of real importance.

3. In view of the continued refusal of the Soviet Government to permit the inhabitants of their zone of occupation to rejoin their

fellow countrymen in a democratic and united Germany, it has not been possible, and will not be as long as this Soviet policy persists, to proceed to the conclusion of a treaty of peace with Germany. The Ministers accordingly agreed to set up a study group in London to undertake the necessary preparatory work to enable the Occupation Statute to be reviewed at the appointed time and to make recommendations for eliminating the major practical inconveniences arising in the countries concerned from the state of war, on the understanding that in the present situation of Europe supreme authority must remain in the hands of the Allied Powers.

4. While retaining the framework outlined above the Allies intend to give Germany the possibility of developing freely, while at the same time safeguarding the possibility of peaceful reunification of Germany, which remains the ultimate object of their policy. The three governments reaffirm the offers which were formulated during the meeting of the Council of Foreign Ministers last June, and express the hope that the necessary conditions for the establishment of a government for all Germany may be achieved which would guarantee to all Germans respect for their laws and fundamental liberties and they have agreed upon the conditions which are necessary, in their opinion, for this purpose.[2]

[2] The annex to MIN/TRI/P/13 Final, not printed, is the same as that to MIN/TRI/P/13, *supra*.

Conference Files : Lot 59 D 95 : CF 20

Paper Agreed Upon by the Foreign Ministers [1]

SECRET

LONDON, May 22, 1950.

MIN/TRI/P/14 Final [2]

BERLIN

The three Foreign Ministers are invited to agree that:—

1. The Three Western Powers must continue to maintain their position in Berlin.

[1] Attached to the source text was a cover sheet, not printed, which stated that this paper was agreed upon by the Foreign Ministers at their fourth meeting on May 12. Regarding this meeting, see editorial note, p. 1051.

[2] The first draft of this paper was agreed upon by Subcommittee B on May 5 (see Secto 160, May 5, p. 927, for text). It was subsequently revised with the addition of two new paragraphs and the attachment of a draft declaration on Berlin (text in paragraph 3 of Secto 160). The revised draft was designated TRI/P/24, not printed, and it is the same in substance as MIN/TRI/P/14, considered by the Foreign Ministers at their fourth meeting on May 12, the text of which is indicated in the following footnotes.

2. To achieve this objective it will become increasingly necessary for the three Allied Governments and the German Federal Government to consider exceptional economic measures in order to deal with the special problems of the Western sectors.

3. The Allied Authorities in Germany should take prompt and affirmative measures in consultation with the competent German authorities to improve the life of Western Berlin in the economic, political and cultural fields. The three Allied Governments have determined to support their authorities in this regard. These measures should be undertaken with particular regard to the importance of reducing unemployment in West Berlin and improving its financial and economic position by facilitating increased production and facilities for export both to Western Germany and elsewhere and by increasing the commercial air transport facilities to and from Berlin.[3]

4. The maintenance of free communications between Berlin and the Western Zones will be essential to the fulfilment of this programme and the three Allied Governments must therefore rely on the Allied High Commission to be prepared to take, in conjunction with the German authorities, effective and appropriate counter-measures if the Russians should seek once again to disrupt Berlin's communications with the West. They are requested urgently to examine the whole position as regards appropriate counter-measures together with the possibility of ensuring that any future Interzonal Trade Agreement does not preclude their application.

5. Advantage should be taken by the Allies, acting in consultation, of any suitable propaganda and other opportunity to fix upon the Russians responsibility for the continued division of the city, to maintain the prestige of the Western City Assembly as the only truly representative German authority in Berlin and to sustain the morale of the West Berliners and the interest of the West Germans in their welfare.[4]

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[3] Paragraph 3 of MIN/TRI/P/14 read:

"The Allied authorities in Germany should continue, in consultation with competent German authorities, to study the measures to be taken in the economic, political and cultural fields, by the three Allied Governments and the German authorities with particular reference to the importance of reducing unemployment in West Berlin and improving its financial and economic position by facilitating increased production and facilities for export both to Western Germany and elsewhere."

[4] MIN/TRI/P/14 included a numbered paragraph 6 which read:

"6. A statement on the lines of the attached draft should be included in the final communiqué issued by the Foreign Ministers after the end of the talks."

For text of the statement attached to MIN/TRI/P/14, which was not present in MIN/TRI/P/14 Final, see editorial note, p. 1051.

Conference Files: Lot 59 D 95: CF 20

Report of Subcommittee D to the Foreign Ministers [1]

SECRET

London, May 9, 1950.

MIN/TRI/P/21

ITEM 7: THE COLONIAL QUESTION

1. SUBJECTS DISCUSSED

(*a*) Colonial questions in the United Nations
(*b*) Africa

2. COLONIAL QUESTIONS IN THE UNITED NATIONS

It was agreed that Ministers should be asked to take note that further conversations on this important problem were considered desirable and should be held as soon as possible.[2] The main issues it was desired to discuss were:

(A) *Non-self-governing Territories*

(1) International accountability to the United Nations in respect of Colonial policies and activities:

(*a*) The question of principle.
(*b*) The attitude to be adopted towards the Special Committee on information transmitted under Article 73(*e*).

(2) The submission of political information to the United Nations.

(3) Problems in connexion with the definition of the conception of "non-self-governing territory."

(B) *Trust Territories*

(1) The relative functions of the United Nations and of the administering authorities and the tendency of the United Nations to concern itself with administration as well as supervision of the Trust Territories.

(2) The relationship between the Trusteeship Council and the General Assembly and the question of whether the Trusteeship Coun-

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[1] The cover sheet attached to the source text indicates that the plenary meeting of tripartite officials did not have the opportunity to examine this report. The meetings of Subcommittee D leading to this report were reported upon in Secto 130, May 4, and Secto 165, May 5, from London, pp. 952 and 953, respectively. This report was approved by the American, British, and French Foreign Ministers at their meeing on the morning of May 13; see Secto 246, May 13, from London, p. 1052.

Some papers in the files of the Department of State appear erroneously to attribute this report to Subcommittee Q concerned with Near Eastern questions.

[2] Bilateral (American-British, American-French, and American-Belgian) conversations on the colonial question in the United Nations were subsequently held in Washington in July 1950. For documentation on those talks, see vol. II, pp. 434 ff.

cil is obliged to carry out any decision of the Assembly or has the power to reach its own conclusions on the point at issue.

(C) *Any other questions concerning the General Assembly's Resolutions of December 1949 relating to Chapters 11, 12, and 13 of the Charter*

In considering the above it was agreed to take into account both the present world situation and the implications of the emergence of dependent peoples, and also political and administrative realities in the Colonies. It was also agreed that the tactical and public relations aspects of this question should be carefully studied.

3. AFRICA

The French, American and British representatives each made a statement on the approach of their respective Governments to African problems. Their respective views are set out in the three Annexes to this Paper.

The French representative explained, in regard to Africa south of the Sahara, that it was important to prevent the progress of African peoples being retarded or diverted by interference from irresponsible and possibly malevolent critics in the United Nations or elsewhere. It should be recognised that the future of Africa was a matter of great importance to the democracies of Western Europe and the Americas and it was thus essential that they should co-operate in the development of Africa's social and economic standards by the provision of all appropriate assistance. These views are set out in Annex I to this paper.

The American representative explained that his Government was appreciative of the achievements of the Colonial Powers in Africa and the object of the United States in interesting itself in Africa was to co-operate with those Powers in developing the part Africa could play in the world. He then outlined the recent thinking of the State Department concerning United States policy towards Africa. These views are set out in Annex II to this Paper.

The British representative was in general agreement with the views expressed by his French and American colleagues. He emphasized that continuing collaboration between the Colonial Powers on African questions already existed, particularly between France and the United Kingdom in West Africa, where very close Anglo-French co-operation was especially important for the solution of the pressing political, social and economic problems of that area. He welcomed the intention of the United States Government to interest itself in the future of Africa since he felt that co-operation and assistance of the United States in international bodies and in other ways would help greatly

to mitigate the effects of ignorant and irresponsible criticism on the strength and stability of the Colonial Powers in Africa. These views are set out in Annex III of this paper.

It was agreed

(*a*) that the three countries are basically in agreement as to the broad lines to be followed in the political development of the peoples of Africa and to the achievement of improved economic and social conditions; and to this end recognise the importance of developing the existing co-operation among France, the United Kingdom and the other African Powers, and of establishing close co-operation between those countries and the United States;

(*b*) that the fact that such a large measure of agreement on principles had been reached on this important matter should be drawn to the attention of the Secretaries of State.

4. RECOMMENDATION

That the questions and policies raised in the annexed statements should be considered in detail at a later date.

Annex I

DECLARATION BY THE FRENCH DELEGATION ON ITEM 7 OF THE AGENDA (COLONIAL QUESTION)

Introduction

In January 1950 the United States Government asked the French Government to inform them in general terms of French policy in the territories in black Africa administered by France and asked that questions concerning the economic development and the future of black Africa, as well as the resolution of certain particular points which might be the subject of subsequent conversations, should be included in the Agenda of the tripartite London Conference.

The French Government, which understands the United States Government's interest in a continent whose geographical situation and the social evolution of whose inhabitants are of interest to all the countries of the Western community, has accepted the principle of the conversations thus suggested.

The French Delegation is able to communicate the following to the other Delegations:

1. The French Delegation considers together with the United States Delegation that the various Governments administering territories in Africa bear the heavy responsibility of this administration.

2. The policy pursued too constantly by certain delegations on the Trusteeship Council and at the United Nations General Assembly

tends, from motives which appear often to be of a political and even demagogic character, to undermine the authority of the administering powers.

It is impossible to over-emphasise the consequences of such action, the results of which are to maintain or to provoke dissatisfaction amongst the populations of African territories and to provide a source of agitation which can only harm the peaceful development of the education of these peoples, to the advantage only of subversive elements.

A favourable result has already been achieved since the Governments concerned, and among them the United States Government, have decided to examine in the course of the above conversations all the colonial problems included in the Agenda of the international conferences at Lake Success in order to concert their action so far as possible.

3. By the establishment of the institutions of the French Union, the French Government have created conditions which appear to it the most likely to assure the progress and political development of the African territories in the French Union. This progress can only come about progressively and with the passage of time and would be compromised by the development of subversive movements which would place in jeopardy the security of Africa itself, as also the security of the countries of the Western community.

4. The political progress which the French Government is thus pursuing can only be assured in harmony with the social and economic development of the African peoples and of the African territories.

5. Social development is one of the pre-requisites of normal economic development. In order to secure it with all the breadth of vision and the speed which are necessary, the French Government, in agreement with the other Governments interested in Africa, has undertaken a work of inter-African collaboration in the technical field. An organisation for the co-ordination of this work, undertaken since 1945, has just been set up (the Commission for Technical Co-operation in Africa).

6. Economic development will only show lasting results if it is conceived henceforward in a new spirit. All action tending to favour the installation of undertakings intended only for drawing immediate profits from the African territories and without interest for Africa itself would risk impeding political progress whilst maintaining the conception of exploitation of the "colonialist" type, which the French Government for its part have renounced.

7. But to create conditions suitable for the healthy development of enterprises in Africa, the economy of the territories must first receive basic equipment (power, communications, etc.). The French Government considers that this basic equipment should be concentrated in certain zones where particularly favourable conditions are to be found. An example of what might be a comparable enterprise is the African zonal industrialisation plan, the study of which has been undertaken by M. E. Labonne, and the application of which is to take place forthwith.

8. The importance of such plans is such that France must be able to rely on foreign assistance. The political, strategic and economic

consequences of their execution are in addition so considerable that the other countries of Western Europe and the United States would no doubt wish to interest themselves with them.

For the execution of these plans it will be necessary to seek all the available resources of the countries of Western Europe who see therein a means of manifesting their solidarity, as well as the United States who are interested, as is Europe, in African development.

9. In particular France would hope to obtain certain personnel requirements from certain of her European neighbours.

Africa, for political, social and climatic reasons, cannot be considered, despite her low density of population, as suitable for the unconditional immigration of surplus European population.

On the other hand, and once the economic and social development plans have been formulated, the cooperation of other countries might be sought on this point, either in regard to technical personnel (doctors, engineers, etc.) or in regard to qualified labour for certain works for the purpose of basic economic equipment (public works) or finally in regard to colonisation in the strict sense of the word, which can be contemplated in certain definite areas once the economic and industrialisation development plans have been put under way.

10. This combination of endeavours should ensure suitable conditions in the future for the liberation of the populations concerned from the material servitudes which still weigh upon them, and will also assure at the present time the factors of stability and calm which the French Government are anxious to maintain in this continent.

Annex II

U.S. Statement on Africa

SECRET

The United States aim is to get its views on and attitude to African problems fitted into a cohesive long range policy. The Lourenco Marques conference produced a series of tentative conclusions upon which such an attitude might be built and these conclusions may be summarized as follows:

It is the common interest of the western powers to have in Africa conditions of political, economic, and social stability sufficient to resist domination by unfriendly movements or powers either through aggression or subversion. Long-range as well as short-range stability should be the object.

The advancement of the social, political, economic and educational condition of the African people and of harmonious relations between the Africans themselves and between the Africans and the governments with which they are associated is to be desired.

The U.S. believes in the advancement of the economic, and, where suitable, the strategic advantages to France and the United Kingdom of their colonies and trust territories. The U.S. strongly desires that

equal economic treatment be given to American capital and American nationals who engage in trade in the African colonial areas.

The U.S. favors the progressive development of all dependent peoples towards the goal of self government and the development of dependent territories, where conditions are suitable, towards independence. The U.S. is sympathetic to the efforts which the French and British Governments have taken towards the development of such conditions.

The U.S. appreciates the fact that the peoples in so-called "Black Africa" have not yet achieved a full knowledge and understanding of modern political, economic and social institutions; but that there must be an orderly guided development of these peoples towards political maturity which only time and patience can provide.

The U.S. favors the strengthening of the relationship between the metropolitan powers and the colonial territories so long as the people within the territories desire such development.

The U.S. believes that an increase in total African production and trade and greater participation of Africa in world trade will be beneficial not only to Europe and the U.S. but to the African peoples. In so far as possible the U.S. is prepared to assist the United Kingdom and France in their efforts towards this goal.

The U.S. wishes to develop its trade, transportation and investment interest in Africa whenever and wherever possible and practicable. The U.S. desires to have access to raw materials, air and sea facilities, air routes and communications points and to have guaranteed rights of equal economic treatment in the African territories.

The U.S. believes that the possibilities of European immigration to Africa should be carefully studied with due regard to the serious social, economic and political problems which such immigration may create.

With regard to the United Nations activities affecting Africa, the United States will give careful consideration to the views of the metropolitan powers in determining the position which the U.S. may adopt on specific issues. At present this matter is being carefully studied.

The United States desires the fullest possible mutual co-operation and understanding with the United Kingdom and France on African matters and their understanding of the U.S. The U.S. assures France and the United Kingdom that whatever may be U.S. interests with regard to Africa, it is the U.S. desire that they be co-ordinated with France and the U.K.

Annex III

Future of Africa: Statement of British Views

The statements of the French and United States representatives (Annexes I and II), which seem themselves to indicate a substantial measure of agreement between the two countries on the lines of policy to be adopted in Africa, are in their general objectives in accord with the British conception of future policy in Africa. British policy in Africa is very briefly summarised in the succeeding paragraphs.

1. POLITICAL DEVELOPMENT

The main aim of British policy is to build up the dependent territories in West, East and Central Africa into strong and stable self-governing states within the British Commonwealth of nations. For this purpose political institutions have for many years operated in the territories and are in process of being developed into Legislatures fully representative of all the peoples of the territories, the rural people as well as those in the towns in West Africa and the immigrant as well as the African communities in East and Central Africa. This policy is at the present time being carried into effect in the following ways:—

(*a*) In West Africa new constitutions are in process of being brought into force under which representatives of the people will play a full part, with their official colleagues and under the leadership of the Governors, in the formation of policy and the direction of executive action. New legislatures will be established consisting very largely of popularly elected representatives of the people.

(*b*) In East and Central Africa the immigrant communities have long played their part in the legislatures of the territories. More recently African members have been included in the legislatures in increasing numbers; their political education is proceeding in this and other ways so as to enable them to play a full part in the future, side by side with representatives of the immigrant communities, in the political and administrative life of these territories.

(*c*) Increasing numbers of local people are being appointed to higher administrative and technical posts in the Government service of the territories.

(*d*) Great emphasis is laid in all the territories on the development of modern, efficient and representative local government systems, since the sound and orderly political development of the territories and the growth of economic and social services is believed to depend to a very large extent on the existence of an effective system of local government.

The harmonious development of the African territories towards the objective of responsible government within the British Common-

wealth will depend on the wisdom and skill with which relations are conducted between the Governments and the people of the territories and between different sections of the people themselves. In this process Governments and people must give every encouragement to the forces of moderation, stability and goodwill and must resist the unreasonable demands of extremists. World opinion can exercise a great influence on the African territories and, if British policy is accepted as being sound and progressive, we believe that we are entitled to ask for the support of world opinion in discouraging extremist pressures and encouraging all those elements in the territories which are making for smooth and harmonious progress.

2. ECONOMIC DEVELOPMENT

Self-governing political institutions must be based on soundly developed economic resources, which will sustain the services needed by a modern community. The requirement in the dependent territories in Africa is to develop the basic utilities—transport, water and energy. Special efforts must be made by Governments to this end. All territories have important schemes for the extension of highways and systems of feeder roads; ports and inland waterways are being improved; railway networks are being strengthened and re-equipped and careful plans are being made for new railways, some of regional significance, such as the proposed link between the Central and East African systems. The improvement of rural and urban water supplies is of the first importance for agriculture and industry. One aspect of water control is the development of hydro-electric power; the great power station at Jinja in Uganda is now in course of construction and the potentialities of the Volta River in the Gold Coast and the Zambesi and Shire Rivers in Central Africa are being actively studied.

The productive resources of Africa are primarily agricultural. Here the accent is on greater productivity by improving plant strains, better control of disease, more modern methods of cultivation, and more systems of agricultural organisation. The great problem is to increase output and at the same time to conserve and in some cases restore the fertility of the soil. The first task of agriculture in Africa must be to feed the growing population; the second to supply tropical commodities which enter into world trade. Marketing methods have been devised for many of the main crops designed to guarantee a fair return to the producer and protect him from fluctuations in world prices. Systems of inspection and grading have been introduced in association with marketing schemes to raise the quality of the product and establish its reputation on world markets. Where experiments

in new crops and new methods are required, pilot schemes are set up by Government which, if successful, will be extended on a co-operative basis.

Vigorous efforts are being made to develop the mineral resources of the territories. Basic geological surveys are being undertaken to establish the potentialities and to stimulate prospecting for fresh development.

External investment, British and foreign, is encouraged in the African territories on equal terms, subject only to safeguards designed to protect the legitimate interests of the local inhabitants and the balance of payments position of the sterling area, in accordance with the provisions of the Havana Charter and the General Agreement on Tariffs and Trade.

Economic policy in the African territories is thus calculated to promote the fullest possible use of their natural resources for the benefit of the inhabitants and the growth of world trade. African Governments accept responsibility for developing the basic services necessary to provide the framework for expanded private investment. Finance for development comes in part from grants under the Colonial Development and Welfare Act; in part from loans raised by Colonial Governments on the London market; and in part from the surplus revenue balances of Colonial administrations.

Development must not only increase the capital equipment of the territories, but also stimulate remunerative activities which will enable the territory to bear the recurrent charges of social services and afford a sound basis for progressive and self-reliant progress towards self-government.

3. SOCIAL DEVELOPMENT

Territories which are progressing towards self-government need not only the development of their economic resources, but the men and women to operate political and economic institutions. To produce these men and women modern educational systems are being built up. Three University Colleges have been established and are being developed at Ibadan in Nigeria, near Accra in the Gold Coast and at Makerere in Uganda for the East African territories. Higher Colleges of Arts, Science and Technology are to be established in Nigeria, the Gold Coast and Sierra Leone. Technical education facilities are being extended in all the African territories and large expansions are also taking place in normal secondary and primary education, with particular emphasis on teacher training. Large numbers of men and women are coming to this country and to the United States for further education to fit them for higher posts in the Government, for professional work and for posts in industry and commerce.

Throughout the African territories the policy of mass education or community development is being actively applied. Mass education has been defined as a movement designed to promote better living for the whole community with the active participation and, if possible, on the initiative of the community. It is being pursued both in the urban and rural areas and embraces all forms of betterment; not only education and the spread of literacy; but agriculture and soil conservation; health and hygiene; town and village improvement; and the encouragement of co-operation. At the same time all the African territories are developing and improving their preventive and curative medical services.

4. CO-OPERATION WITH OTHER AFRICAN COUNTRIES

Most of the main problems of Africa, particularly in the technical and economic fields, are problems which cannot be solved by individual territories in isolation, but demand common action over wide regions of the Continent. This principle has long been recognised by British policy and close co-operation between the British territories in the three regions of Tropical Africa has been secured through the East Africa High Commission and Legislative Assembly and through consultative bodies in West and Central Africa.

But co-operation between the British territories alone is insufficient; the main problems of Africa are not confined by international frontiers. Since the war an active programme of common international action has been pursued between the Governments with responsibilities in Africa south of the Sahara, namely France, Belgium, the United Kingdom, Portugal, Southern Rhodesia and the Union of South Africa. A series of international conferences has been held in Africa and Europe covering all the more important technical and economic fields, in particular transport, scientific research, measures against locusts, the tsetse fly and rinderpest, fisheries, nutrition, the problems of labour, soil conservation, and rural economy generally. This programme will be continued under the aegis of the Commission for Technical Co-operation in Africa south of the Sahara set up in January, 1950.

Co-operation in the economic field between the European countries with responsibilities in Africa is secured through the Overseas Territories Committee of the Organisation for European Economic Co-operation. In the political and administrative fields it has been recognised that closer contacts between the African territories and a closer understanding of each others' problems are necessary, and the Governments of these territories are now pursuing these contacts, as a regular part of their work, at all levels of the Government machine from Governors-General and Governors down to administrative

and technical officers in the field. Representatives of the peoples of the territories are at the same time being associated with the progress of international co-operation in Africa.

It is recognised that, although the United States Government has no direct responsibilities in Africa, there are many advantages to be gained from the closest contact and understanding with the United States Government as part of the policy of international co-operation in Africa; United States representatives are regularly invited to attend the technical conferences referred to above. The closest contact is also maintained with the Economic Co-operation Administration with a view to making the greatest possible use of the resources at their disposal for the economic development of Africa.

Conference Files : Lot 59 D 95 : CF 20

Paper Circulated by the Secretary General (Shuckburgh)

TOP SECRET London, May 12, 1950.

MIN/TRI/P/28

I herewith submit for examination by the Ministers two French drafts concerning the organisation of the North Atlantic Treaty (item 2(*a*) of the Agenda).

1. A draft resolution concerning the mechanism of the Treaty (Annex A).
2. A draft resolution by the North Atlantic Council (Annex B).

These documents should be examined together with documents MIN/TRI/P/3[1] and MIN/TRI/P/2[2] which they are intended to replace.

C. A. E. Shuckburgh

Annex A

French Draft Resolution on the Organisation of the Mechanism of the Treaty

SECRET [London, May 12, 1950.]

The North Atlantic Council, which was created in accordance with Article 9 of the Treaty, has only met twice on Ministerial level and on two other occasions through the intermediary of its diplomatic representatives in Washington.

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[1] For the text of MIN/TRI/P/3, see footnote 3, p. 1023.
[2] Regarding MIN/TRI/P/2, see footnote 3, p. 1040.

Now, Article 9 makes the Council the ruling body of the Atlantic Treaty; it is therefore the Council's absolute duty to be in a position to fulfil its central role among the organisms of the Treaty by adopting more efficient methods with a view to keeping itself constantly informed concerning questions falling within its attributions, to take the necessary decisions, and to see that these are carried out.

The experience of one year has revealed that contacts have been too spaced out to assure, on the political plane, the exchange of views on matters of common interest within the framework of the Treaty, and that though, in the military field, the strategic conception of the Treaty may have been adopted and the corresponding sum of necessary resources may be being established, no really concrete result has however yet been obtained in respect of the organisation of efficient common defence whether it be in respect of armaments and arms manufacturing, the sharing out of financial costs, the adaptation of armed forces, of their development or their internal structure.

In view of this situation and in order to assist the Council in the exercise of its responsibilities, it is absolutely necessary that a restricted working organism should immediately be instructed by the Council to study measures that should be taken to set out as a whole the military, technical, industrial and financial activities affecting the common defence of the signatory powers.

This organism will place its conclusion at the disposal of the Council within three months, and at the same time propose required decisions. It could then be instructed, in conditions to be determined, to supervise the carrying out of decisions taken by the Council.

At the same time in order to ensure that the activities of this organism shall have a permanent character each government shall name a Deputy to its present representative. Deputies should be able to devote all the time necessary, and as continuously as required, to the exercise of the Council's responsibilities.

The Council of Deputies shall be responsible, between meetings of the North Atlantic Council, and for and on behalf of it, for the implementing of its directives and in particular for the study entrusted to the restricted organism mentioned above. It will in particular devote itself to facilitating the simultaneous progress of work carried out by different committees (military, economic, financial and of defence) and ensure the cooperation of all organisms of the Treaty in the study undertaken. Finally it will undertake regular exchanges of view on both general and political questions (notably with regard to informing public opinion) which present a common interest within the framework of the Treaty for all signatory powers.[3]

[3] On May 13 Shuckburgh circulated another French draft of Annex A, MIN/TRI/P/29, not printed, which is the same in substance as that transmitted in Secto 267, May 15, p. 100 (Conference Files: Lot 59 D 95: CF 20).

Annex B

FRENCH DRAFT RESOLUTION OF THE NORTH ATLANTIC COUNCIL

SECRET [LONDON, May 12, 1950.]

The Council agrees in particular to bear in mind the following general considerations while carrying out its tasks as defined in Council Resolution No. .

1. The essential objective of the signatory powers of the North Atlantic Treaty is to ensure that their countries shall be in a position victoriously to resist any aggression.

This objective can only be attained:

—by the use and standardisation of the most up to date material and equipment, products of up to date technical progress.

—by the acknowledgement on the part of each country of the necessity for the maintenance of disposable forces for the initial fighting and the character and composition of which forces should be adapted to these types of material and equipment with a view to obtaining maximum efficiency in common defence.

—by the parallel creation of the necessary operational internal structure for the use of these military resources within the framework of common defence.

2. The essential and most difficult problem being that of arms manufacture it is therefore desirable that the nature and quantity of material and equipment necessary to attain this objective should be decided upon as soon as possible.

3. The production of this material and equipment should be shared out as far as military, economic and financial considerations permit among the industries of participating nations so that the best results may be obtained in the shortest possible time and at the lowest cost. In this respect, production programmes thus established should constantly be brought up to date in order to ensure that the individual resources of countries as regards priorities and speed of production may satisfy to the full the common need.

At the same time the Council agrees that the following questions should be examined as soon as possible:

a) How can balanced collective forces for all the signatory powers of the North Atlantic Council best be set up?

b) How should the necessary operational internal structure be at the same time created for the employment of these resources should war break out?

c) How should the financial charges arising from the carrying out of these tasks, taking into consideration the necessity for maintaining their economic, financial and social stability, be shared out as fairly as possible between the various participating nations? [4]

[4] MIN/TRI/P/28 was discussed by the Foreign Ministers at their private meeting on May 13. For a report on that meeting, see Jessup's memorandum of conversation, p. 1054. For documentation on the discussion of the two annexes by the NATO Council, see pp. 611 ff.

Conference Files : Lot 59 D 95 : CF 20

Communiqué Agreed Upon by the Foreign Ministers [1]

MIN/TRI/P/30 LONDON, May 13, 1950.

The three Foreign Ministers of Great Britain, France and the United States concluded today their discussions which began on Thursday.

These discussions dealt with many of the problems in various parts of the world where the interests of their countries are engaged. Their main and common purpose has been directed towards reducing the risks of war and establishing the conditions of a lasting peace in accordance with the desire of all peoples. In the view of the Ministers this requires a closer coordination in the employment of their joint resources to underpin their economies in such a manner as to permit the full maintenance of their social and material standards as well as the adequate development of the necessary defence measures. The Ministers are confident that the peoples of the free world who command by far the greater part of the industrial and technical resources of mankind can achieve both of these aims.

The strength of the free world will never be used for aggressive purposes. The Ministers find it necessary to restate this fundamental truth in the face of the calculated campaign of misrepresentation of our purposes and policies conducted by the only militaristic and aggressive power in the world.

Faith in freedom should not be taken for granted but should be built into a dynamic force and steps should be taken to increase public understanding of the exact nature, methods and dangers of the threat to its existence.

The Ministers agreed upon the main lines of their policy in all parts of the world. Consideration was given to their policy regarding Germany and they agreed upon a General declaration in regard to it.[2] This is being communicated immediately to the German Federal Government and will be published on Monday, 15th May. The Ministers reaffirmed their long declared desire for an early Austrian treaty and hoped to have a further exchange of views on this subject in the next few days.

The Ministers surveyed the situation in South East Asia in the light of the emergence as independent nations of a number of countries who had not previously been in control of their own affairs and

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[1] Attached to the source text was a cover sheet, not printed, which stated that it had been "agreed by the three Ministers at the conclusion of their meetings on the 13th May, 1950." (Conference Files : Lot 59 D 95 : CF 20)

[2] MIN/TRI/P/13 Final, p. 1089.

of the fresh problems created by the advance of Communist imperialism to the borders of this area. The Ministers express the firm intention of encouraging and supporting those new governments. They consider that the region as a whole is economically under-developed and that it is desirable that all the governments in the region should collaborate to intensify measures of development designed to raise the general standard of living.

They were agreed as to the seriousness of the situation and informed each other regarding the steps each were taking in discharge of their respective responsibilities in the area. Amongst other measures the Ministers decided to coordinate their efforts to prevent the smuggling of arms into the area and to take every opportunity of exposing the aims and methods of Communist imperialism which, whilst pretending to encourage Nationalist movements, is in fact seeking only to control and exploit them for expansionist policies.

The three Governments were basically in agreement as to the importance of the political development of the peoples of Africa and the achievement of improved economic and social conditions. The three Ministers recognised the need for developing the existing cooperation amongst the French, British and other African powers, and of the establishment of close cooperation between those countries and the United States to achieve this end.

It was decided that consultation between the Three Powers should be frequent. The Ministers agreed to meet again in the near future possibly in New York before the next meeting of the General Assembly of the United Nations.

528-933—77——71

MEETINGS OF THE FOREIGN MINISTERS OF THE UNITED STATES, THE UNITED KINGDOM, AND FRANCE, AT NEW YORK, SEPTEMBER 12–19, 1950

PREPARATIONS FOR THE MEETINGS: PRELIMINARY TRIPARTITE CONVERSATIONS AT WASHINGTON AND NEW YORK, AUGUST–SEPTEMBER 1950

Editorial Note

During June and July the Governments of the United States, the United Kingdom, and France exchanged views as to the date and place for the next Foreign Ministers meeting. Because the fifth North Atlantic Treaty Council meeting and the fifth session of the United Nations General Assembly were scheduled for New York, the three Western Allies agreed to hold the meeting in that city September 12–14. In the course of these communications it became apparent that each Government had been dissatisfied with the rigidity and complexity of the Foreign Ministers meeting in May, and they decided to forego bilateral discussions and hold only tripartite preliminary talks.

In the middle of June drafting of an agenda for the preliminary talks began, and, in order to treat the topics fully, it was agreed to reduce their number in comparison with the total discussed in May. A seven-point agenda was tentatively agreed, including the following items: I. United Nations problems, II. North Atlantic Treaty questions, III. German questions, IV. Policy toward the Soviet Union, V. East-West trade, VI. the Far East, VII. Security in the Near East and Africa. Conversations on item I by members of the three United Nations Delegations proceeded in New York from August 21 to September 6; items II and III were discussed concurrently in London by the North Atlantic Treaty Deputies and the Intergovernmental Study Group on Germany; while the remaining topics were considered in Washington by members of the British and French Embassies and officials of the Department of State from August 29 to September 1. Following each series of preliminary talks the Governments took time to digest their substance before the Foreign Ministers met.

In preparation for the preliminary and ministerial meetings the Department of State during August drew up a series of papers, designated by the indicator SFM D, on all topics likely to be discussed in the talks.

The following documentation presents material on the United States aims in the meeting, the preliminary talks in New York and Washington, and relevant texts or extracts from the SFM D documents which the editors have deemed necessary for the full exposition of United States policy. Additional documentation on the negotiations leading to the date, place, and preliminary agenda is in file 396.1 NE/6–2050 ff. A set of the SFM D documents is in the CFM Files: Lot M–88: Box 152. Lot M–88 is a consolidated master collection of the records of conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center. For documentation on the London discussions of the North Atlantic Treaty Deputies, see pages 231 ff.; documentation on the work of the Intergovernmental Study Group on Germany is scheduled for publication in volume IV.

CFM Files: Lot M–88: Box 252: FM Meeting Tri Docs

Paper Prepared by the Acting Officer in Charge of USSR Affairs in the Office of Eastern European Affairs (McSweeney)

SECRET [WASHINGTON,] August 2, 1950.

U.S. OBJECTIVES IN SEPTEMBER FOREIGN MINISTERS MEETING

It is proposed that the September meetings of the Foreign Ministers achieve trilateral understanding on only a limited number of subjects which require ministerial decision and which it has been found impossible to resolve through already existing channels. Apart from the solution of the particular problems which will be discussed, the September meetings are designed to strengthen the concept of trilateral Foreign Ministers meetings on a regular and frequent basis.

As a consequence of the present particularly fluid world situation resulting from the Korean hostilities, it is more than usually difficult to determine in advance exactly which problems should be discussed by the three Ministers. The proposed agenda therefore is, in most cases, rather broadly worded and the specific subjects of conversation and the emphasis which will be put on each must of necessity be determined only shortly before the meetings themselves begin.

Insofar as they are foreseeable at the present time, the following will be the U.S. objectives in the September meetings:

I. Resolution of differences and tactical approach should be achieved with regard to

A. The Chinese representation problem and the steps to be taken in the event of a Soviet boycott of the General Assembly or Soviet withdrawal from the United Nations.

B. General Assembly consideration of the Korean crisis.

C. A coordinated approach to the Lie peace proposals and to Soviet "peace" propaganda.[1]

Further, since it is likely that the Korean hostilities will stimulate proposals in the General Assembly to strengthen the ability of the United Nations to insure effective collective action against aggression, the three Ministers should give this matter consideration in view of its important bearing on regional defense arrangements and the national policies of the three powers.

II. The three Ministers should coordinate their views on the report of the NAT Deputies prior to the meeting of the North Atlantic Treaty Council on September 15 and 16.[2]

III. Consideration should given to the problems relating to Germany which may be referred to the Ministers by the Intergovernmental Study Group in London.[3] Since any report from the Study Group in September will be only preliminary, the Ministers will be required only to achieve tentative resolution of specific problems which may include (1) Termination of the state of war, (2) Status of prewar German treaties, (3) Claims against Germany, (4) The revision of the Occupation Statute, and (5) Agreement on the Ruhr Authority. Other specific problems which it may be desirable to discuss and which are not related directly to the work of the Intergovernmental Study Group will be suggested in the near future after consultation with HICOG.

IV. It is desirable to discuss with the other two Governments what should be our joint policy toward the Soviet Union in the light of developments since the date of the last meeting of the Foreign Ministers. Among these developments is, of course, the North Korean aggression. In this case it has been the policy of the United States Government to maintain an attitude of normalcy in our diplomatic relations since it is desirable that no action be taken on the Governmental level which would inhibit possible Soviet retraction. A similar attitude has been evidenced by the French and British Governments.

It is likely that developments in the near future will clarify the Soviet Government's real intent with regard to Korea and that this may provide a basis for trilateral discussion of the other developments which may be expected between now and the time of the meeting which will require the consideration of the Foreign Ministers.

V. Unless we are able to reach some agreement with the British and French through other channels in the near future regarding our proposal that Western European countries agree to adopt a multilateral export control program[4] based substantially on U.S. practice, we

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[1] For documentation on Secretary-General Trygve Lie's 20-year peace plan, presented to the United Nations on June 6, see vol. II, pp. 371 ff.; documentation regarding the Soviet peace offensive is scheduled for publication in volume IV.

[2] For documentation on the meetings of the NAT Deputies in London during the summer of 1950, see pp. 231 ff.

[3] Documentation on the work of the Intergovernmental Study Group on Germany (ISG) is scheduled for publication in volume IV.

[4] Documentation on the United States efforts to control exports to the Soviet Union and its satellites (East-West trade) is scheduled for publication in *ibid.*

shall wish to achieve decision on certain clear-cut issues at the Foreign Ministers' meeting. These may involve

A. The coverage of the International Lists.

B. The nature of List II controls, and possibly

C. The use of the Consultative Group Structure at Paris to coordinate export controls applicable to the Far East. Recent negotiations in Paris have achieved little progress toward parallel action because of a basic divergence of use, mainly between ourselves and the British, as to the extent of the coverage of International List II (limited shipment).

It may be necessary for the Foreign Ministers to consider future strategy in negotiations for the Austrian State treaty [5] although there are no substantive disagreements among the three western powers on the issues in the treaty itself. The next meeting of the Deputies is scheduled for September 9. We are presently also exploring the possibility of raising the problem in the next session of the UN General Assembly. As a result of an affirmative decision on this step or of the Soviet stand at the September 9 Deputies' meeting, it may be advisable for the western powers to review the tactics and approach to be taken in the UN or to consider the timing of future Deputies' meetings, the stand to be taken at them, and any other steps which might be taken to obtain the treaty.

[Discussion of the Schuman plan [6] by the Ministers was not included in our tentative agenda transmitted to the British and the French in order to avoid any tendency on the part of the British to delay progress on the plan between now and September. It now appears that the principal issue regarding the Schuman plan which might profitably be taken up at the September meeting will be the United Kingdom's attitude toward participation. Our objective should be for Mr. Bevin to provide face-to-face assurance to Mr. Schuman of United Kingdom's cooperativeness in insuring the successful negotiation of the plan and its subsequent successful operation. Such oral reassurances, which would be mentioned in the communiqués of the meetings, might well strengthen Mr. Schuman's hand on some of the critical issues of negotiation which have arisen between France and the Benelux countries and may also strengthen domestic backing for the plan in France itself.] [7]

VI. It is particularly difficult to foresee the most appropriate topics for ministerial discussion in September with regard to the Far East. It is, however, obvious that such a discussion will be necessary.

A. The Chinese Communist threat to Southeast Asia, especially Burma, Thailand, the three Indo-Chinese States, Malaya, the Philippines, and Hong Kong, presents a problem of common interest to all three Governments. The Ministers should discuss the situation existing at the time of the September meeting and

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[5] Documentation on the negotiations for the Austrian peace treaty is scheduled for publication in volume IV.

[6] For documentation on the Schuman Plan, see pp. 691 ff.

[7] Brackets appear in the source text.

exchange views regarding a joint policy with the aim of concerting the available means of countering this threat.

B. The Ministers will wish to exchange views on Korea in the light of the situation existing at the time of the meeting.

C. As in the case of Korea, the content of the discussions on Formosa will also depend on the situation existing at the time of the meeting. Discussions should probably center upon the mission of the Seventh Fleet as related to Korea and on the threat which a Chinese Communist invasion of Formosa would create for Southeast Asia. Depending on developments in the interim it may also be desirable to endeavor to achieve mutual understanding on the future political organization of Formosa.

D. The situation in Indo-China existing at the time of the meeting should be discussed with particular emphasis on the progress achieved by the French in transferring political authority to the three Indo-Chinese States and upon developments encountering Vietminh resistance.

E. [Economic aid to Southeast Asia: Objectives to be supplied by Isaiah Frank] [8]

VII. The Ministers should consider the security problem in the Near East and Africa with particular regard to

A. The security problem in Greece, Turkey, and Iran, with particular reference to their inclusion in collective security arrangements such as existing pacts or a possible Article 51 [*52*] [9] pact. Consideration may also need to be given to more immediate assistance which would have to be rendered to these countries in the event of further development of the Soviet threat to the area.

B. Treaty arrangements for continuation of American rights at Wheelus Field, Tripoli. The British and French also have military base rights at Libya which they wish to conserve. The possibility that there may be a Libyan Government by January 1951 increases the urgency of a concerted tripartite stand.[10]

In press statements preparatory to the meetings, as well as in communiqués which may be issued by the Foreign Ministers, emphasis should be placed on the fact that the meetings have not been called for the resolution of particular critical problems but rather constitute one phase in a series of regular conversations which will be held by the Foreign Ministers from time to time in order to maintain the closest possible working relationship among the three Governments.

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[8] Brackets appear in the source text.

[9] Article 52 of the United Nations Charter stated that nothing in the Charter precluded the existence of regional arrangements for dealing with matters concerning maintenance of peace and security so long as they were consistent with the purpose and principles of the United Nations.

[10] Documentation on the U.S. position with respect to the former Italian colonies and rights at Wheelus Field is scheduled for publication in volume v.

310/8–2150 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET NEW YORK, August 21, 1950—7 : 22 p. m.

342. Following is summary US-UK-French conversations this morning on UN problems on agenda September FM meeting. Jebb, Coulson and Laskey were present for UK; Chauvel, Lacoste and Tine for France; and Ross, Bancroft, Maffitt and Allen for US.[1]

At outset Jebb and Chauvel stated they had no instructions on subjects to be covered and their general attitude was one of seeking further information on what US had in mind. We emphasized US views represented current thinking these problems and not necessarily final US position, but that Department felt strongly we should put forward program of real substance to take advantage impetus provided by general response to Korean situation in order strengthen ability UN meet further crises. In general, although at times considerable reserve was shown toward US proposals for united action against aggression, attitude UK and French less negative than previous preliminary reactions UK and French FonOffs.

Proposal for special session GA: We outlined proposal contained Deptel 732, August 9 to London,[2] and added suggestion of including paragraph recommending that members designate UN units within their national forces. In general Jebb and Chauvel tended initially to regard proposal as more far reaching than we had in mind. We sought counter their feeling that proposal amounted to "enlarging powers of GA," "supplanting SC", obligating members go to war against aggression anywhere, etc. Chauvel took view that however proposal

[1] Sir Hubert Miles Gladwyn Jebb, Permanent Representative to the United Nations; John E. Coulson, Minister and member of the British Delegation to the United Nations; Denis Seward Laskey, permanent member of the British Delegation to the United Nations; Jean M. H. Chauvel, French Representative on the Security Council; Francis Lacoste, Alternate Representative on the Security Council; Jacques Tine, member of the French Delegation to the United Nations; John C. Ross, Alternate Representative to the General Assembly; Harding F. Bancroft, Director of the Office of United Nations Political and Security Affairs; Edward P. Maffitt, member of the United States Delegation to the United Nations; and Ward P. Allen, Special Assistant on United Nations Affairs in the Bureau of European Affairs.

[2] Telegram 732 transmitted the text of a draft resolution adapting the U.N. machinery to new circumstances. In particular it called for General Assembly consideration of any question concerning breaches of the peace or acts of aggression on which the Security Council failed to exercise its primary responsibility because of the veto. It also provided for the calling of special General Assembly sessions and invited member states to survey their resources to determine what assistance they could render in support of any General Assembly recommendations for restoring peace. (320/8–950) For further documentation on this proposal and the full text of telegram 732, see vol. II, pp. 303 ff. and p. 315, respectively.

put forward, it would be regarded by many dels as marking transformation of UN into anti-Soviet alliance and expressed fear many countries would hesitate to make that choice. Jebb inclined agree. When we cited 53 nation support for Korean action as indicating willingness free world face up to aggression, Chauvel questioned extent to which this largely verbal response represented real enthusiasm for Korean venture.

Jebb, although seeing advantages using GA this manner over seeking action under Article 51 [3] in event of another Korea, raised such questions as whether under proposal GA would meet if SC action defeated by negative votes of more than one permanent member or if, in event of non-Communist aggression (India–Pakistan for example), SC action were vetoed by friendly permanent members. He also questioned effect of our proposal on obligations under Rio and NA treaties.

No particular objection raised to suggestion for designating UN unit in national forces, although Jebb pointed out desirability making clear such forces should not be used except pursuant UN decision in order avoid possibility any attempt USSR use its earmarked forces under pretext of acting on behalf UN.

Observation and fact-finding committee: We outlined proposal contained urtel 137, August 11.[4] Reaction was more favorable to this proposal and Jebb agreed that in large measure it overcame objections of contravention of San Francisco statement and illegal delegation of authority which UK had raised to original US proposal for SC Commission. We explained that principal differences this proposal and present IC terms of reference are only that commission would be in being on continuous basis and that decision to employ it could be taken by majority vote of IC. Chauvel agreed that this was "much less majestic" than original US idea and that it raised no problem of delegation of powers.

UN legion: We explained that in view of practical difficulties we did not think this GA should take any action to establish any sort of UN legion and that it might at most request that study be made of possibilities. We emphasized that US thinking on this subject is especially tentative and that above suggestion for designation of UN units in national forces might offer more simple method of fulfilling

[3] Article 51 provided that nothing in the Charter should impair ". . . the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken the measures necessary to maintain international peace and security."

[4] Telegram 137 transmitted the text of a draft resolution providing for the establishment of a General Assembly Fact-Finding and Observation Commission to observe and report from any area in which international tension or conflict developed. For its full text, see vol. II, p. 317.

purpose of legion, except for post-hostilities occupation in Korea. For latter job we suggested further consideration be given to possibility of setting up some temporary UN force for that purpose only. It could later be decided on basis its experience whether such a force should be made permanent part of UN machinery. In general discussion UK and French were interested in exploring advantages and disadvantages above possibilities and, although noncommital, indicated sympathetic attitude.

Coordinated approach to Lie peace proposals and Soviet peace propaganda: Bancroft explained that although the Korean situation will place greater emphasis on measures of defense against aggression, we believe it desirable not to give impression we have abandoned our long-term constructive efforts on improvement of economic and social conditions, control of atomic energy, etc. Jebb remarked we must push forward with economic and social measures and seemed to take somewhat more interest in such program than in measures of defense against aggression.

For benefit of group it was reported that USUN's understanding is that Lie envisages following GA treatment for his ten-point memorandum:[5]

Extensive discussion in general debate and general committee on memorandum whole, followed by referral to committee 1 where, after any further discussion that might be considered necessary, its component parts would be referred to committees handling similar agenda items such as atomic energy, membership, etc. Items of memorandum not thus placed would remain committee 1 for debate.

Jebb remarked this very poor idea and confirmed, quoting Protitch,[6] that this seemed to be general approach envisaged by Secretariat. Bancroft remarked it preferable to deal with memorandum as whole. There was general agreement that we must check Lie's concrete ideas on treatment his memorandum when he returns and urge undesirability piece-meal discussion.

Ross then advanced tentative recommendations for coordinated approach to Lie memorandum and Soviet peace propaganda as contained SFM D–2, page 2.[7] He also touched on themes which might be stressed to expose hollowness Soviet peace proposal (pages 3 and 4, same document). Bancroft declared this appears not to require consideration by FM's but rather general agreement among dels to cooperate on an over-all program of this sort.

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[5] Regarding Secretary-General Lie's 20-year peace plan, submitted to the United Nations on June 6, see vol. II, pp. 371 ff.

[6] Dragoslav Protitch, Principal Director, Department of Security Council Affairs of the U.N. Secretariat.

[7] Regarding SFM D–2, see SFM D–2*b* and footnote 1 thereto, *infra*.

Procedural problems in GA consideration of Korea: Bancroft said that if circumstances do not alter picture it is obvious Korea will be a main GA topic and that we feel GA must have opportunity discuss it. He pointed out that SC seized only of aggression against Korea and that therefore issue of competence of GA under Article 12 [8] should not be allowed to arise. He pointed out GA has UNCOK report on agenda and should be able to consider other items not directly linked to aggression. In response Chauvel's question, he said an SC attempt to make report to GA or request recommendations from GA on Korea would be unwise since it would raise this issue whether or not USSR vetoed. No report is necessary since all facts are available and it is unnecessary SC to request GA discussion Korean phases not on SC agenda. Jebb said it would be mistake to take Korea off SC agenda. Chauvel mentioned possibility establishment Rau-sponsored neutrals commission [9] and its having Korean "peace plan" under discussion or making report on plan for SC referral to GA. Bancroft said such commission would have finished discussions by assembly time and repeated hope council would not ask for GA views.

Chauvel significantly said French Government prefers GA not go deeply into Korean discussion lest it get involved in other developments such as Formosa and Indochina. It would hope GA consideration be limited to future of Korea and other general topics. He also felt that it is premature for UNCOK to offer views and recommendations and preferred that GA consider its report without such (presumably August 11 supplement which secretariat privately circulating for dels' opinions), and in its own time request UNCOK's views. He feared submission UNCOK recommendations now might have precisely result his government wished avoid.

Chinese representation: Bancroft stated our view that GA should not unseat Chinese Nationalists nor seat Peiping representatives while Korean aggression continues. He explained our position along lines set forth in D–2/3.[10] There was some discussion regarding approach to this matter at opening of GA, Chauvel hoping Vishinsky would open with demand for ouster of Nationalists, which would result in vote being on that rather than on seating of Peiping representatives. Chauvel thought such vote would be easier to win for Nationalists. We indicated our present tentative view that vote in GA should be by simple majority. This was questioned by Jebb on ground matter is undeniably "of great importance" (paragraph 2, part 2 of San Fran-

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[8] Article 12 provided that the General Assembly could make no recommendations on any dispute or situation under consideration by the Security Council unless the Security Council so requested.

[9] For documentation on the various peace proposals on Korea, sponsored by S. Gopala Menon and Benegal N. Rau of the Indian Delegation to the United Nations, see volume VII.

[10] Regarding SFM D–2/3, see SFM D–2/3*b* and footnote 1 thereto, p. 1121.

cisco statement). Bancroft acknowledged our thinking in this regard not entirely fixed. Jebb viewed with alarm possibility neither Chinese would be seated, which he said would place SC in difficult situation, since it would raise issue of Tsiang's right to sit.[11] He wondered what are chances of Tsiang's being voted out of Assembly. Ross thought they are less than they were before Korean aggression.

Spain: Jebb brought up question Spain, saying UK Embassy, Washington, had instructions consult Department. He and Chauvel seeming vague on US position. Ross filled them in along lines Depcirgram June 3, 1950.[12] There was general feeling that NY dels could concert their positions this GA matter and avoid necessity FM's discussing it.

Jebb indicated that both UK FonOff and UK Embassy Washington felt strongly that all preliminary discussion of UN questions for FM meeting should be held with dels in NY and not with Embassies in Washington as part of preliminary talks. NY dels could then brief FM's directly. Chauvel agreed. Without committing US to follow this course exclusively we agreed hold another meeting of same group 10:00 a. m., Monday, August 28, on UK insistence could not set earlier date. UK and French hope have instructions on above items from FonOffs by that time.

AUSTIN

[11] Ting Fu F. Tsiang, Chinese Representative to the Security Council.
[12] Not printed, but see footnote 3, p. 1563.

CFM Files: Lot M–88: Box 152: SFM Documents

Paper Prepared in the Bureau of United Nations Affairs [1]

SECRET WASHINGTON, August 24, 1950.

SFM D–2*b*

COORDINATED APPROACH TO LIE PEACE PROPOSALS [2] AND SOVIET "PEACE PROPAGANDA" [3] INCLUDING MEANS WHEREBY WEST MAY TAKE INITIATIVE ON THIS SUBJECT IN GENERAL ASSEMBLY

THE PROBLEM

To coordinate the activities of the United States, United Kingdom and France in the General Assembly, and elsewhere, in dealing with

[1] Attached to the source text was a cover sheet, not printed. SFM D–2*b* was the second revision of SFM D–2, dated August 16, not printed. The first, SFM D–2*a*, dated August 21, was revised by the SFM Working Group on August 22. Both SFM D–2 and 2*a* make the same recommendations as SFM D–2*b*. (CFM Files: Lot M–88: Box 152: SFM Documents)
[2] For further documentation on the peace proposals of Secretary-General Trygve Lie, see vol. II, pp. 371 ff.
[3] Documentation on the Soviet peace offensive during 1950 is scheduled for publication in volume IV.

the memorandum on a twenty-year peace program prepared by the Secretary-General of the United Nations, and with existing and expected Soviet "peace proposals", in particular, "the Stockholm Appeal". This paper outlines a program for the General Assembly, which may be adapted for use in other media.

BACKGROUND

Since 1946, Soviet "peace" propaganda designed to present the USSR to the world as the principal advocate of world peace and the Anglo-American States as warmongers or imperialists, has steadily increased in virulence and has undeniably had an effect in many parts of the world. Each year, the Soviet propaganda campaign appears to reach a peak at the regular fall session of the General Assembly. At each Assembly, the Soviets, without advance warning, have introduced in the General Assembly a major political propaganda proposal, which has invariably been centered on the "peace" theme.

It is probable that the Soviet "peace proposal" for 1950 will use as a springboard the "Stockholm Appeal", in support of which it is claimed that 300,000,000 signatures have been gathered. Exploitation of the Stockholm Appeal will presumably reach its climax at the General Assembly and at a Congress of Partisans of Peace scheduled to meet in London in November.

In 1949 the major Soviet political proposal in the General Assembly was a resolution which condemned the United States and the United Kingdom as warmongers, demanded abolition of atomic weapons and proposed a five-power pact for the strengthening of peace. Through intensive effort by the delegations of the United States, the United Kingdom and France at the General Assembly, a substitute resolution entitled "Essentials of Peace" was introduced in the General Assembly and succeeded in winning the support of 53 of the 59 United Nations Members.

RECOMMENDATIONS

1. The greatest effort must be made to assume the propaganda initiative by putting forward and strongly advocating our own proposals, instead of limiting ourselves to a defensive response to a new Soviet "peace appeal".

2. Accordingly, the Ministers should agree (to the extent that agreement has not already been reached) on political measures which can be introduced in the General Assembly under the heading of a *Program of United Nations action to stop aggression*, or some similar title. (The proposals under consideration by the United States are

included in a separate paper.[4]) Wherever possible, resolutions introduced in the General Assembly on these proposals should be coordinated among the three powers, with additional sponsorship as appropriate.

3. Our attitude toward the Trygve Lie memorandum should be sympathetic. We should associate ourselves with its broad objectives—to employ Charter principles and United Nations resources on a long-term basis to relieve tensions and move toward lasting peace. We should as far as possible avoid detailed consideration by the Assembly of each specific proposal in the memorandum but should utilize the proposals as appropriate in argumentation in support of our major political items and in refutation of points made by the USSR in its "peace plan".

4. At the same time, the three delegations should organize a concerted effort, by all friendly delegations in the Assembly, to expose the hollowness of any Soviet peace proposal and to "blanket" the Soviet spokesman in the General Assembly debate by coordinating the time of presentation and the content of friendly statements. The following themes might, as an illustration, be stressed by various free world spokesmen during the course of the General Assembly debate on the Soviet item:

a. Any plan which seeks to reduce tension and bring about lasting peace must be presented in good faith if it is to be taken seriously. We cannot be expected to accept at face value any proposal for peace originating with a state which supports aggression and repudiates its pledged word through violation of the Charter and of treaty agreements. Specific and pointed reference should be made to Soviet action in Korea, Yugoslavia, and other peripheral areas.

b. Paper pledges to eliminate any particular weapon or weapons, or to regulate and reduce others, are meaningless. The United Nations must continue to strive for systems of control or regulation which include adequate safeguards to insure compliance. For us to carry out a pledge to abolish the atomic bomb while the Soviets, behind the Iron Curtain, fail to do the same, would lay the free world open to attack by the USSR.

c. Mutual confidence and an atmosphere of peace are impossible unless the Soviet-dominated area can be opened to the exchange of ideas and persons on a basis approximating that which exists in the free world. Specific reference might be made to the treatment of foreign diplomats by the Soviet bloc.

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[4] Under reference here is the SFM D–2/1 series (A Program for United States Action to Stop Aggression). The first paper in this series, SFM D–2/1, dated August 17, was revised by the SFM Working Group on August 18 and renumbered SFM D–2/1*a*, dated August 24. Copies of both papers and an undated brief of the latter are in the CFM Files: Lot M–88: Box 152: SFM Documents. For a summary of this program, see telegram 342 and footnote 2 thereto, *supra*.

d. As a first step in proving the sincerity of its desire for peace, the USSR should begin to cooperate loyally in the United Nations, by abandoning its unwarranted boycott of United Nations organs, ending its abuse of the veto power, ceasing its obstructive tactics wherever it is represented, and giving due weight to the opinion of the majority in accordance with the terms of the Charter.

e. It is also necessary for the USSR to give up the centralized direction and control of Communist minorities in other countries, who sow dissension through the practice of infiltration and subversion in the interest of a foreign power.

f. The greatest threat to free nations in the mid-twentieth century is the threat of Soviet imperialism, which is especially acute today in Asia. We have a right to demand assurances that the subjugation of free nations for Soviet political purposes will cease.

g. We should also be assured that the USSR will cease to use force to maintain satellite regimes in power; that it will cease attempts to undermine established governments; and that it will cease its conscious distortion of the ideas and motives of others for propaganda purposes.

h. International cooperation in the improvement of economic and social standards in all countries is a prerequisite of a peaceful world. The Soviet record of almost complete non-cooperation in United Nations welfare activities and in the Specialized Agencies must be changed before we can make definitive progress toward world peace.

i. Human welfare also depends on the extension of human rights and freedoms in all countries. Quite aside from Soviet enslavement of the mind, the USSR cannot cooperate for peace if it continues to wipe out or deport huge minorities within its borders; to utilize masses of humanity in slave labor; and to oppress unjustly foreigners within its control, such as unrepatriated prisoners of war and other foreign nationals who are prevented from departing from the Soviet Union.

j. A major factor in the reduction of international tension is the conclusion of peace treaties. Peace cannot be attained on the basis of the interminable stalling of the Soviets with regard to conclusion of an Austrian State Treaty,[5] or on the basis of Soviet refusal to carry out the terms of the Potsdam Agreement on Germany. We have a right to ask for some assurance of Soviet cooperation in the settlement of World War II issues if we wish to avoid another war.

k. The General Assembly last year passed by a vote of 53 to 5, with one abstention, a resolution entitled "The Essentials of Peace", which stated that it was urgently necessary for all Members to act in accordance with certain basic principles in order to obtain enduring peace, There is no evidence that the Soviets have modified their conduct in any essential respect to bring it into accordance with the terms of that resolution.

5. The program of action adopted by the three powers to counteract Soviet peace propaganda should be shaped with a view to ensuring the most favorable possible impact especially upon the peoples of Asia, and also upon all others who are threatened by Soviet imperialism.[6]

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[5] Documentation on the U.S. position with regard to an Austrian state treaty is scheduled for publication in volume IV.

[6] Among the documents prepared for the Foreign Ministers Meeting was a brief of SFM D–2*b*, dated September 5, for Secretary Acheson (CFM Files: Lot M–88: Box 152: SFM Documents).

CFM Files : Lot M–88 : Box 152 : SFM Documents

Paper Prepared in the Bureau of United Nations Affairs [1]

SECRET WASHINGTON, August 24, 1950.

SFM D–2/3*b*

CHINESE REPRESENTATION IN THE UNITED NATIONS [2]

1. BACKGROUND

The essential elements of this problem are covered in some detail in a paper on the subject which was prepared for the Foreign Ministers' meeting of May 1950. (Document FM D F–1/1 [3]) No change is required in the basic approach of that paper, in which the conclusion was reached that the United States policy of opposition to the replacement of Chinese National Government representatives by Chinese Communists should be continued in United Nations organs.

Developments since May 1950 have on the whole probably tended to delay a change in Chinese representation in the United Nations. No other United Nations Members have joined the 16 who at that time could be said to have recognized the Peiping regime. Aside from India, the non-communist states recognizing the Chinese Communists have made virtually no headway in the establishment of normal relations with them. The open encouragement given by Peiping to the North Koreans, and Peiping's complete acceptance of the Soviet position with respect to Korea, have furnished a new and compelling reason for postponing a change-over. Finally, the Soviet return to the Security Council on August 1 despite the continued presence of the Chinese Nationalists has deprived the Soviets of one opportunity for blackmail on the seating problem.

Important though they are, these factors have not eliminated the persistent pressures from some sources for admitting Chinese Communist representatives to the United Nations. The fact that the Peiping regime still exercises predominant control on the Chinese mainland remains a potent argument in favor of Communist representation; the President's statement of June 27 may be construed as leaning toward implicit recognition of that control.[4] As Soviet-

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[1] Attached to the source text was a cover sheet, dated August 25, not printed, which indicated that this paper had been approved within the Department of State for use in the Foreign Ministers meetings. The first draft, SFM D–2/3, was prepared on August 18 and revised by the Working Group on August 19. The new draft, SFM D–2/3*a*, dated August 21, not printed, is the same as SFM D–2/3*b* except for minor textual differences and sections 3*b*(7) and 4, Discussion, parts 2*f* and *g*, which were not present in SFM D–2/3*a*. (CFM Files: Lot M–88 : Box 152 : SFM Documents)

[2] For further documentation on Chinese representation in the United Nations, see vol. II, pp. 186 ff.

[3] Not printed, but see footnote 4, p. 864.

[4] For the text of President Truman's statement on June 27 regarding Formosa, see Department of State *Bulletin*, July 3, 1950, p. 5.

American tension increases and communist imperialism moves forward in Asia, India, the United Kingdom, and some other friendly states are increasingly tempted to seat Peiping representatives in the United Nations for one or another of the following reasons: in order to encourage Chinese Titoism, pave the way for an East–West settlement, or advance particular national interests relating to China.

Thus, Jacob Malik's [5] efforts to place the Chinese representation question on the agenda of the Security Council was supported on August 3 by five affirmative votes. The United Kingdom has informed us that if the Security Council or the Assembly is asked to consider whether the Chinese Communists should or should not occupy the seat now occupied by National Government representatives, the United Kingdom when the time comes will feel obliged to vote for the Chinese Communists even if the United Kingdom vote does not secure the necessary majority. At the Assembly, it will be necessary to contend with the view of some important delegations that the seating of Chinese Nationalists will in effect leave China unrepresented, because it is the Communists alone who have the power to fulfill China's obligations as a Member of the United Nations. Any disagreement with our Formosa policy may tend, in some quarters, to increase sympathy for the Peiping regime.

2. THE PROBLEM

The problem at the moment is to determine the position to be adopted in the conversations with the British and French with regard to:

a. developments in the Security Council;
b. developments in the General Assembly.

3. RECOMMENDATIONS

The British and French should be informed that, assuming there are no substantial changes in the situation, United States policy in these organs will take the following form. They should be urged for the sake of Western unity to adapt their policies to ours to the greatest possible extent.

a. Security Council

(1) The United States should continue its present policy of opposing any proposals which would have the effect of unseating representatives of the Chinese National Government or seating the Chinese Communists.

(2) The United States should use its influence to persuade other members of the Security Council that that body should not be diverted from its primary task of coping with the aggression upon the Republic

[5] Yakov A. Malik, Soviet Representative to the Security Council.

of Korea by a series of obstructive and repetitious attempts to exclude the Nationalists and admit the Communist representatives. The United States should also make the point that the Security Council should not seat the representatives of a regime which openly encourages aggression at this critical juncture.

(3) In pressing for deferral of renewed consideration of the subject in the Security Council, the United States should make clear its willingness to have the matter considered on its merits at a later date, after the critical phase of the Korean conflict is past. At that time, the United States should revert to its policy of refraining from efforts to influence the decisions of other governments on this question.

(4) There should be no change in our repeatedly expressed position that we will accept the decision of a parliamentary majority on this question in the Security Council and in all other United Nations organs, and that we do not believe the veto applies in this matter.

b. General Assembly

(1) The United States should, as in other United Nations organs, oppose any proposals which would have the effect of seating Chinese Communist representatives rather than Chinese Nationalists. In the voting on credentials, the United States should of course vote to sustain those of the Nationalists.

(2) The United States should use its influence to persuade other Members that, at this critical juncture in the United Nations' struggle against aggression, the General Assembly should not seat the representatives of a regime which openly encourages the North Koreans in their defiance of the Organization.

(3) Admitting that there is no legal linkage between the question of representation in the United Nations and the question of recognition by Member governments, the United States might point out, although this argument should not be stressed, the illogicality of seating the Chinese Communists when only 16 Members, including the Byelorussian SSR and the Ukrainian SSR, have recognized Peiping. Further, the Chinese Communists have not established normal relations with any non-communist state which recognizes them, with the exception of India.

(4) The United States should agree that the question may be reconsidered on its merits at a later date, after the critical phase of the Korean conflict is past. The United States would not object to having the General Assembly make a comprehensive study of all aspects of the problem of how the Organization should deal with rival claimants for the seat of a Member state, including the criteria which should be used in reaching a decision, with a view to applying the results of such a study to the Chinese situation at that time.

528-933—77——72

(5) The United States should adopt the positions indicated with respect to the three following parliamentary contingencies:

(*a*) *Decision at outset to continue the representation of the Chinese Nationalists pending a new decision.* The United States would regard this course as the most satisfactory.

(*b*) *Decision at outset to continue seating Nationalists but with express stipulation that such seating is provisional only, pending the outcome of a General Assembly study.* If the first course presented above is not possible of achievement, the United States would agree.

(*c*) *Decision at outset not to seat the representatives of either the Nationalists or the Communists.* The principal objection to this course is that it would affect the standing in the Security Council of the Nationalists.

(6) In any event, the United States would prefer a quick decision on the Chinese representation question as soon as it is raised, so that the Assembly may proceed expeditiously to the election of its officers, its general debate, and its committee discussions without being hampered by a series of Soviet propaganda speeches and diversionary maneuvers on the subject. If the issue is raised by a Soviet motion to exclude the Chinese Nationalists, this would be most likely to lead to a decision favorable to United States interests.

(7) The United States believes that the decision by the Assembly as to whether the Chinese Nationalists or the Chinese Communists shall represent China in the General Assembly shall be decided by a straight majority vote.

(8) If the Soviet bloc should walk out of the General Assembly in consequence of the decision taken on the representation question, the United States should act on the assumption that business will proceed as usual, as has been the case in the Security Council and almost all other United Nations organs. No concession should be made to bring about a Soviet return.

(9) In the unlikely event of a definitive Soviet withdrawal from the United Nations, the "business as usual" policy should be followed until it has been decided what additional measures are desirable.

4. DISCUSSION

1. The recommendations relating to the Security Council follow the pattern of existing United States policy in this organ and require no particular comment here.

2. The recommendations regarding the General Assembly are intended to fall within the general framework of our existing policy on Chinese representation, with such modification as is necessary to meet the special circumstances in that body. The following points may be specially noted:

a. Unless the Chinese Communists fail to present credentials to the Assembly, the representation issue must arise at the beginning

of the session, when the Assembly considers the credentials of its members. Even if no Chinese Communist credentials are presented, the Soviets might be expected to demand the exclusion of Chinese Nationalist representatives at the very outset, as they have done in other United Nations organs.

b. If the issue arises through the presentation of two sets of credentials, the situation will differ from the situation in the Security Council in that the General Assembly will not be considering a move to displace an already seated Nationalist representative, but will be making a decision between two rival claimants for the Chinese seats.

c. It is believed that the status of the Chinese Communists as co-conspirators in the North Korean aggression offers us our strongest political argument on this matter in the Assembly.

d. Recommendation 4, regarding a study of the general representation problem, might appropriately be undertaken in connection with an item placed on the provisional agenda of the General Assembly by Cuba, under the title "Recognition by the United Nations of representation of a Member State."

e. From the standpoint of satisfactory procedure in the Assembly, and to ensure the effective presentation of our policies there, it is important that, as recommended in Paragraph 6 above, a decision on representation be taken at the very outset.

f. Any action in the General Assembly which resulted in failure to seat the Chinese Nationalists, either temporarily or permanently, would necessarily reflect upon their standing in the Security Council. The Chinese Nationalist vote in the Security Council is important to us, since it may at times be necessary for attainment of the parliamentary majority of seven.

g. The position of the United States that a simple majority vote in the Assembly should decide the Chinese representation question is based on the following reasons:

(1) Although this question is obviously important, it is not one of the important questions listed in Article 18 of the Charter.[6] As a matter of sound organizational procedure, it is necessary to facilitate decisions of the Assembly on questions which are essentially organizational in nature and it would be an unfortunate practice to permit a minority group of ⅓ of the Assembly to prevent its proper functioning. This position is analogous to the United States position that a decision on this question in the Security Council is not subject to the veto. Furthermore, unlike the situation in the Security Council, the Assembly may be faced with the problem not of excluding a delegate already seated, but of making a decision between two claimants who, as a matter of procedure, stand on equal footing until a decision is made. As indicated above it would be unfortunate if because of the failure to obtain a ⅔ majority neither claimant government could be seated. An additional consideration is the general position of the United States in respect to Assembly decisions that the categories of questions which require a ⅔ majority for decision should be

[6] Article 18 provided that important questions, including those dealing with the maintenance of peace and security and the admission and expulsion of members, should be decided by two-thirds majority vote of the General Assembly, while other questions should be decided by majority vote.

kept to a minimum. The maintenance of this policy is obviously in the best interests of the organization and the development of international community.

Editorial Note

On August 26 President Truman sent a letter to Secretary Acheson posing eight questions dealing with the defense of Europe and asking the Departments of State and Defense to develop jointly recommendations on the eight points for the forthcoming meetings of the Foreign Ministers and the North Atlantic Council. Secretary Acheson made an interim reply on the same day, assuring the President that the matter was under consideration, and on September 8 he and Secretary Johnson gave a full reply outlining the conclusions and recommendations of their Departments with regard to the eight points. For the text of the President's letter and the joint reply, see pages 250 and 273, respectively.

310/8–2850 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, August 28, 1950—8 : 11 p. m.

386. Following is summary US, UK, France talks today on UN matters on agenda SFM meeting.

Jebb, Coulson, Laskey and Campbell [1] attended for UK; Chauvel, Tine, Lacoste for France, and Hickerson,[2] Ross, Maffitt, Allen for US.

1. *Chinese representation:*

In opening the discussion, Chauvel stated no change in French intention to abstain in GA or SC either on unseating Nationalists or seating Communists, although delegation has discretion whether abstain or vote against Vishinsky's probable attempt raise matter at outset on a point of order.

Hickerson re-stated US position as firmly opposed seating Communists while Korean aggression continues with whole UN under attack and Chinese Communists helping aggressor morally and perhaps physically, although no objection in principle to reconsideration of case on its merits when aggression cleared up. Stated we would do utmost seek persuade others same view but would, of course, abide by

[1] Gordon T. C. Campbell, Second Secretary of the British Delegation to the United Nations.

[2] John D. Hickerson, Assistant Secretary of State for United Nations Affairs.

decision of majority. He agreed that difference between US–UK views was principally question timing and that when fighting is over we would reexamine and probably revert to previous attitude of voting against seating Communists but not seek influence others. In response to UK question as to whether US desired matter settled at opening GA or deferred for consideration in normal course as UK Embassy in Washington had understood, Hickerson replied we prefer quick decision at outset, but have open minds on best tactics. Fact that Chinese Communists have now named delegation to GA might make reference to credentials committee desirable.

It was the general feeling that credentials committee would probably not be able submit recommendations re seating but only make factual report and thus probably little would be gained with reference of question to it. It was agreed, however, that since this was usual procedure, it should not be opposed if suggested. It was agreed that composition of credentials committee would be important and Hickerson made clear US view that proportion of members in credentials committee recognizing Chinese Communists should approximate that in GA itself; i. e., one-third or less.

Chauvel, referring to Cuban item on study of criteria on seating rival claimants, queried how far we wanted GA to go in setting up legal criteria, since applying them to present situation might result in decision to seat Communists. Hickerson replied that we would expect political as well as legal criteria to be applied, such as attitude of claimant toward Chinese obligations. Although possibility deferring seating Communists pending outcome GA study of criteria was left open, general feeling was this would probably be confusing and unsatisfactory method of dealing with question.

In summarizing tactical questions, Ross suggested thorough consideration be given tactics in each of following five situations:

(*a*) Question raised by Vishinsky on point of order (*a*) at outset with Romulo [3] in chair; (*b*) after election new president.
(*b*) Reference of question to credentials committee.
(*c*) Relating question of seating Chinese delegation to Cuban item on criteria and possible reference of matter to committee 6.
(*d*) Same but possible reference to committee 1 because of political implications.
(*e*) Decision to seat Nationalists with probably subsequent Soviet effort to have Communists admitted as observers or interested parties in all major political questions. Chauvel observed difficult resist this if question Formosa arises.

[3] Carlos P. Romulo (Philippines), Temporary President of the General Assembly.

In summary it was agreed that it would be desirable for this matter to be settled at opening of GA in plenary session if possible, but that, particularly if Chinese Communist delegation arrives with credentials, it might be necessary refer matter credentials committee. Credentials committee should be carefully selected. France strongly inclined against (but UK less) relating question of seating Chinese Communists to Cuban agenda item for study of criteria.

2. *Korea:*

Chauvel said his Foreign Office agrees separation be made between "aggression against ROK" as item of which SC seized, and other matters related to Korea with which GA is free to deal, specifically agenda item 19.[4] Foreign Office, however, hopes latter division will not include debate on any Korean matters having to do with the present for fear of Formosa or Indochina being brought in. Jebb said Foreign Office wishes SC remain seized of aggression item and rough division made so that GA debate generally widely and make recommendations on future of Korea. Hickerson agreed but on condition that if new circumstances arose, making further affirmative UN action necessary, such as USSR veto of additional SC action, US reserved right to propose reconsideration of whether SC should dis-seize itself of aggression item. Jebb and Chauvel agreed this would be new situation requiring reconsideration.

Ross said Venezuelans and Bolivians here thinking about GA resolution (*a*) re-affirming legality of SC action to date; (*b*) re-affirming 53 state support; and (*c*) condemning North Korean aggression. Hickerson and Jebb wondered whether this would entail conflict with Article 12 and latter thought it also might cause confusion. Ross thought no difficulty since no recommendation would be made. He pointed out that in GA debate USSR and other members would be sure to encroach on aggression item in attacking or defending US and UN action in Korea and that some such resolution might offer best method channelling and shortening debate. It was agreed USSR would probably present resolution in opposite sense and Laskey felt it easier to get 53 votes against this than 53 in favor re-affirmation. All agreed on importance broad support for UN action taken to date.

3. *Lie peace proposal:*

Hickerson said Lie, when submitting his memorandum as provisional agenda item, did not expect it to be discussed while aggression in Korea continued. Hickerson re-stated our attitude toward GA treatment of memorandum, as in paragraph 3, page 2, SFM D–2*b*,[5]

[4] Admission of new members.
[5] Dated August 2, p. 1119.

and hoped memorandum could be dealt with as whole and quickly by plenary. All agreed that Lie should be talked with on this matter when he returns, which we thought would probably be end of this week.

4. *Spain:*

Chauvel said he had reported our suggested treatment of Spanish question and his Foreign Office had replied reserving its position. Jebb pointed out his Government considered this matter very difficult and Cabinet would be meeting on it in few days. Hickerson explained what sort of resolution might adequately deal with Spanish case, reading from Deptel 758, August 11, to London,[6] in illustration, and said we thought this simple kind of language would get widest GA support and thus give USSR propaganda least opportunity to hurt. Maffitt analyzed Peruvian-Bolivian draft resolution, pointing out effort to circumvent opposition to straight repeal of 1946 resolution. Jebb termed as "legal nonsense" thesis that failure to obtain two-thirds majority for re-affirmation meant 1946 resolution not operative. Chauvel agreed. Jebb observed that if Congress passed loan to Spain, GA might be considering question shortly after that act. Ross voiced fear that a too extreme resolution would be inacceptable to Western Europe and ourselves and might result in LA's free-wheeling and further confusing UN treatment of Spanish question.

5. *United action to stop aggression:*

Chauvel had no instructions yet but gave following preliminary view of his Government:

(*a*) Our three-point proposal would seem to amend Charter, by-passing the veto and displacing center of gravity to GA on security matters. If objective is to provide speedy convocation of GA, Charter already has provision for special sessions and precedents exist of SC passing security matters to GA. Only question would be how long procedure would take, especially if a veto stopped action or SC consideration of a matter were delayed in some way.

(*b*) Proposal looks like anti-Comintern pact, which Foreign Office feels to be bad strategy; and

(*c*) Wisdom of putting "legal power" into hand of GA is questionable. For instance LA-Arab combination could achieve majority and has already done so in some actions with which we had not agreed.

Jebb speaking likewise in preliminary way, said UK giving very serious consideration to resolution and does not want to turn it down merely because of some difficulties it sees. Regarding paragraph *a*, it feels this formalizes matters a little too much; re *b*, UK is "pretty

[6] Not printed; it provided for the return of Ambassadors and Ministers to Madrid and for Spanish entrance into U.N. agencies by revoking parts of the 1946 resolution on Spain (310.2/8–1150).

favorably disposed" but thinks that two-thirds majority should be preserved in IC; re *c*, it might prefer the legion idea. Also it is not sure it likes provision to have national units "available . . . on determination . . . by recommendation of GA". The permanent members must safeguard themselves and cannot do away with veto. Ross suggested objection to quoted words might be met by insertion of something like "unless SC is seized of matter in question or had dis-seized itself of it". Chauvel raised question as to whether US had particular objective in mind to achieve in near future and if so whether we felt all of our proposal should be approved at this GA or whether it could be separated and certain more difficult portions deferred.

In response Hickerson stated we visualized our proposal as integrated whole, not separable. We not aiming specifically at Korea or other present concrete situation but at building sense of security for future. US thinking this matter based on following assumptions:

(*a*) USSR should not be forced from UN. US hopes they will remain.

(*b*) If Soviets remain any amendment Charter obviously impossible.

(*c*) Therefore, to make UN effective we must work within limits present Charter and explore its resources to find means whereby free world can act effectively through UN in future crises if it has will do so. Unlikely Soviets will be conveniently absent from SC in future crises.

Re proposal for calling emergency session GA, Hickerson pointed out that this is in accord with tendency GA become more important organ than founding fathers of Charter had intended. Net result of proposal is merely amendment rules of procedure, but is presented in the dramatic fashion which US believes psychologically desirable in order counter sensc of frustration we have already noticed among UN members with Soviets' return to SC.

In response Jebb's request elucidate "critical" phrase "because of the veto", Hickerson said this of course includes veto by any one or more of permanent members, provided seven other members of SC have voted in favor. Admitting that emergency session GA would be called under proposal even if US, UK and France should veto an action in event of aggression but seven SC members favored, Hickerson pointed out this involved no great danger since he could not conceive that these three powers would not be able obtain support of one-third plus one of GA members to prevent any undesirable GA recommendations.

Jebb raised question whether if after SC veto it should prove impossible obtain two-thirds vote in GA for use of force against aggres-

sion, that would operate as prohibition against our taking action any way outside GA. Hickerson replied that we would not regard failure either SC or GA act to stop aggression as in any way restricting our right to act under Article 51 in event of armed attack. We agreed relationship Article 51 to our proposal important question and, specifically, to consider insertion of phrase "without prejudice to any action under Article 51", in order meet UK desire this be made clear. In ensuing discussion regarding possible use Article 51, Jebb took initial view that present proposal seeks accomplish same purpose as general pact under Article 51, but observed that at least under H. F. Armstrong's proposal for a pact,[7] the concurrence of three permanent members of SC is required. Hickerson pointed out principal difference is that proposal for pact would be binding commitment whereas present proposal could only result in recommendation. All agreed that any Article 51 pact as alternative to present proposal may be premature and impractical and Jebb recognized disadvantage of not being able use UN flag and symbol if Article 51 were taken as basis of action.

Chauvel, recognizing that proposal does not amount to commitment, persisted in his concern that its effect would be to convert UN into apparent anti-Comintern alliance. If we going to enter such an alliance he thought it would be better done outside UN with like-minded nations and not seek convert UN itself, since 53 nation alliance could not be very effective. Hickerson sought convince him such was not purpose or purport this proposal. Alliance of like-minded nations exists in NAT and present proposal is step in direction universality. It would not impede operation NAT but would supplement any action taken by latter in event any aggression in NA area.

In connection part *c* US proposal recommending designation UN units in national forces and appointing UN coordinator, Hickerson pointed out that in Korean crisis since no Article 43 forces available and since it was obviously impossible use 106 forces, it was necessary make general recommendation that members provide military assistance.[8] Period of great confusion and delay followed in supplying and coordinating this assistance. Therefore, principal purpose this part US proposal was to help avoid similar chaos in future.

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[7] The proposal under reference here has not been identified further.

[8] Article 43 provided that all members of the United Nations agree to make available to the Security Council armed forces and assistance necessary to maintain peace. Article 106 provided that the big four would consult one another concerning joint action on behalf of the United Nations pending the coming into force of agreements on the use of member armed forces as stipulated in Article 43.

Jebb and Chauvel expressed some concern that some commitment was implied in provision that UN units in national forces would be "so trained and equipped as to be available for prompt service in behalf of UN in response decision by SC or recommendation by GA". Hickerson sought make clear this not intended as any commitment for automatic action and that by accepting this recommendation members would not be committing themselves to supply any force on decision GA. We agreed consider language changes to make this clear.

In response to Chauvel's worry that this proposal would set aside Article 43 and MSC machinery, Hickerson explained that this purely interim measure; progress on Article 43 forces blocked in any event until USSR changes attitude and if Article 43 is ever implemented, it would of course supplant any arrangements under this proposal.

6. *SYG:*

Chauvel stated that in response to previous UK suggestion that it might be desirable have other names in reserve, French Foreign Office had suggested Padilla Nervo or Torres Bodet. He stated French would favor extending Lie's term with some such indefinite language as "until next GA". Ross reported his recent conversation with Tsiang in which latter reiterated his previous position that he would veto renewal of Lie's term for 5 years but would not oppose extension for 1.

7. *Membership:*

Chauvel in raising question stated that French position was same as that at May meetings, that each applicant should be considered on individual basis. Jebb said he thought UK position similar. It was agreed that for time being none of us should take initiative in raising matter in SC.

8. *Further meeting of New York delegations:*

When Hickerson inquired whether delegations should have additional meeting, Jebb forcefully expressed desire for one shortly prior to FM meetings. Chauvel, who before meeting had remarked skeptically that only accomplishment of delegations' conversations would be exploration of ground without conclusions, assented to Jebb's suggestion, saying that at least delegations might have more questions to consider. It was decided next meeting would be 10 a. m., September 6, at USUN.

AUSTIN

CFM Files : Lot M–88 : Box 152 : Pre Mins 1–5

United States Delegation Minutes, First Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, August 29, 1950, 10 : 30 a.m. to 1 : 00 p.m.[1]

SECRET

Delegations: British: Burrows, Graves, Watson, Greenhill, Marten, Jellicoe, Boyd [2]

French: Daridan, de Margerie, Millet, Fequant [3]

United States: Ambassador Jessup, Yost, Raynor, O'Shaughnessy, Jackson, Schwinn, Laukhuff, Whitman, Ainsworth, McSweeney (Recorder) [4]

Ambassador Jessup welcomed the British and French delegations and pointed out that the objective of the preliminary meetings is to determine points of agreement and points which will require consideration by the Foreign Ministers.

Mr. Yost assumed Chairmanship of the meeting. He suggested that the delegations make a brief report on each topic to the Foreign Ministers and that there be no International minutes. The British and French agreed. Mr. Yost observed that most of the subjects under discussion are subject to such rapid changes in the present fluid situation that it is difficult to put up firm governmental positions at this stage. Therefore the United States delegation hopes to forward tentative suggestions for discussion and, in the light of the comments of the other delegations and other factors, would hope to approach firmer positions before the Ministers meeting.

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[1] Attached to the source text was a cover sheet, not printed, which indicated that the series designator for these minutes was SFM Pre 1.

[2] Bernard A. B. Burrows and Hubert A. Graves, Counselors; John H. A. Watson, Denis A. Greenhill, Francis W. Marten, John G. Boyd, and Earl Jellicoe, First Secretaries at the British Embassy in Washington.

[3] Jean Daridan, Minister Counselor; Christian de Margerie and Pierre Millet, Counselors; Albert Fequant, Second Secretary, French Embassy in Washington.

[4] Philip C. Jessup, United States Ambassador at Large; Charles C. Yost, Director of the Office of Eastern European Affairs; G. Hayden Raynor, United Nations Advisor of the Bureau of European Affairs; Elim O'Shaughnessy, Officer in Charge of French-Iberian Affairs; Wayne G. Jackson, Officer in Charge of United Kingdom and Ireland Affairs; Walter K. Schwinn, Acting Special Assistant to the Assistant Secretary of State for Public Affairs; Perry Laukhuff, Director of the Office of German Political Affairs; Roswell H. Whitman, Officer in Charge of Economic Affairs in the Office of Western European Affairs; and H. Gardner Ainsworth, Officer in Charge of Economic Programs in the Foreign Service Institute.

AGENDA

As a result of the inability of Mr. Graves of the British delegation to be present this afternoon, consideration of the Far Eastern problems will be put off until Wednesday, August 30.

The British delegation proposed inclusion of the migration problem in the agenda. The French stated they have no instructions in this matter and inquired if the British want discussion in the ministerial or preparatory meetings or both. Mr. Yost read the recommendations included in the U.S. paper.[5] It was agreed to hold the matter until the end of these discussions. The French will request instructions.

The French raised the question of putting over to the ministerial meetings all of the Items under IV and VII. The UK and US thought some discussion, although not necessarily conclusive, would be helpful and the French agreed.

The French stated that the Berlin question also could be put over for the ministerial discussions and the others agreed.

Agenda Item I—Consideration of United Nations Problems Within the Context of Recent Events

Since these questions are under discussion in New York, the US suggests that there is no need to have discussion by this group. It was stated that the New York group has decided to have a third meeting on Wednesday, September 6, to draw up a final report. It was agreed to attempt to advance the date of this third New York meeting.[6]

Agenda Item II—North Atlantic Treaty Consideration (including Turkey and Greece)

The US mentioned that since the NAT Deputies are now meeting much the same situation exists with regard to this Item. The UK suggested that it might be helpful to exchange views with regard to Greece and Turkey at this meeting. The US stated that the Deputies had not given the matter consideration yet but may meet again in

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[5] The recommendations in SFM D–6/3, dated August 29, not printed, read:

"1. The three Ministers should formally adopt the report of the Tripartite Committee of Experts on Migration.

"2. In adopting the report they should state that they will (*a*) maintain a continuing interest in the problem, (*b*) consider as occasion arises how they can be helpful in encouraging emigration from the affected areas, and (*c*) designate representatives who will be responsible for continuing and making effective tripartite cooperation in this field.

"3. The migration item should have a place on the agenda of the Foreign Ministers' meeting but should, if possible, be disposed of in the preliminary discussions."

A copy of the Tripartite Committee's report, designated Document 16 (Attachment), September 25, is in CFM Files: Lot M–88: Box 152: SFM Documents 1–40; copies of SFM D–6/3 and a brief of SFM D–6/3 are in *ibid.*, SFM Documents.

[6] For documentation on the preliminary discussions in New York, see pp. 1108 ff.

New York perhaps concurrently with the Foreign Ministers. The US would hope to discuss Greece and Turkey under Item VII, including alternatives to the suggestion of inclusion of Greece and Turkey in the NAT. The French asked if Greece and Turkey would be discussed only after the Deputies give their opinion. The UK felt concurrent discussion by the Deputies at this meeting would be helpful and that it is hoped to have the Deputies' views for the Ministers meeting.

Agenda Item III—Consideration of Such Problems Related to Germany, etc.

The US stated that much the same situation applies to this Item as well, since a plenary meeting of the ISG is taking place today.[7] The ISG is making good progress and might have a report by the end of the week. In reply to a French query, the US stated that the ISG may be expected to give opinions with regard to the Occupation Statute, the termination of war, and the status of the Federal Republic.

Neither the French, the US, nor UK had any other German problems for discussion at this time. The US and French reserved the right to bring up any such problems later if necessary.

Agenda Item IV—Exchange of Views on Policy Towards the Soviet Union in the Light of Recent Developments, etc.

Mr. Burrows made the UK presentation which he described as an attempt at an analysis of the main factors of Soviet intentions and possible ways of Soviet implementation of those intentions plus rather general recommendations on the way the West should react. The general consideration of the UK's position is that the Soviet Union will attempt to avoid world war but may risk local aggression by proxy (as in Korea) and exploit local superiority. The North Korean attack was a limited operation designed to reduce Western influence in the Far East and secondarily to commit Western forces in relatively non-vital areas. The reaction of the US and UN was unexpected and the Soviet government is probably still considering the new situation without having yet arrived at any firm conclusion.

UK sees the following courses open to the Soviet Union: (1) Cooperation to end the Korean hostilities (this is considered unlikely), (2) Localize the Korean conflict and prolong UN commitment there (in the event of either (1) or (2), the Soviet Union may increase pressure in other weak spots by means not involving Soviet armed forces with the objectives of diverting attention from Korea and committing UN forces in small lots throughout the world), (3) The conclusion

[7] Documentation on the sixth plenary meeting of the ISG is scheduled for publication in volume IV.

that major conflict is inevitable (the UK believes this unlikely at this time).

How should the West react? (1) One Soviet objective is to seek areas of disagreement among the Western powers or between Western countries and Free Asian governments. We should attempt to reduce the possibilities for such Soviet exploitation. (2) It is essential that unity of purpose of the UN in Asia and elsewhere be maintained at its highest point, not only seeking to avoid disagreements which will open gaps for Soviet exploitation but looking for similar opportunities in the Soviet sphere (for example, between the USSR and other communist countries) for Western exploitation. Western propaganda must be improved, emphasizing our military strength and exposing the Soviet "peace" drive, communist pretentions to social progress and espousal of Asian nationalism. (3) We must bring before the Western peoples a realization of the objectives of the conflict and a realization of the need to carry increased military and financial burdens, attuning Western psychology to the likelihood of continued "intensified cold war". (4) Particular effort must be given to avoiding duplication of military and economic efforts and agreement must be reached on the forms of organization most efficient to implement the agreed objectives.

Agreement by the Foreign Ministers on these principles should lead to fruitful activity through other channels, including the NAT and normal diplomatic channels. This might include activity in the following fields (1) the number of troops in Europe, (2) employment of German and Italian resources, (3) the association of other countries, particularly the Mediterranean area, in our defense plans.

The French agreed that the Soviet Union does not desire general war at this time. It is most necessary that we increase Western strength, at the same time avoiding any step which would provoke the Soviet Union and lead them to embark on a program of general warfare. The Soviet Union will continue to probe for weak spots, perhaps provoking new aggressions. The French government has been coping with indirect aggression in Southeast Asia for a number of years and believes that this situation is likely to continue.

The West must first be rearmed to a point of effective resistance, now lacking, and definite proposals have been made by the French government of a military and economic nature. Resources must be pooled to achieve the means of effective resistance in the most economical way. The West must not miss any opportunity to counter any Soviet aggression, at the same time preparing for potential further aggressions particularly in Southeast Asia.

The US expressed its agreement with most portions of the British statement agreeing that the Soviet Union probably does not want gen-

eral war at this time. The Korean aggression was planned by the USSR to improve the strategic position of the Soviet Union and to lessen Western influence in Asia. The Soviet Government was surprised by Western reaction in Korea and must be considering how it should react to the new situation. Korea may make them more cautious in the immediate future but they must have in mind that our position in a few years will be considerably better and that they might therefore be more justified in taking serious risks in the near future than later. We must take no steps to provoke war at any time and must be particularly careful while we are still relatively weak. On the other hand, we anticipate further pressures by indirect aggression and we must react effectively, continuing to maintain unity in the free world and confidence on the part of the individual countries that the Soviet Union will not be allowed to pick them off one by one.

The US agrees that it is important to eliminate disagreements among the free nations and this should be one of the chief benefits of the Foreign Ministers' meetings in September. Most of the danger spots in the world are covered in the agenda with the possible omission of Yugoslavia which has already been discussed fully by the three governments, whose policies are in general accord on this subject.

Propaganda—The US views were presented by Mr. Schwinn who stated that the good psychological reaction to Korea suggests the need for coordinating the propaganda activities of the three governments even more.[8] Propaganda must carry a heavy load in the next few months since decisive actions are unlikely. It was emphasized that coordination of propaganda does not mean that the propaganda of the three countries should be combined but rather that each government should follow parallel lines to achieve common objectives. NATO information activities should be initiated serving as a central point for the stimulation of independent national activities. No "Deminform" is intended but general propaganda increase is desirable. The US is increasing its activities, including facilities and personnel and other countries should likewise increase their activities. The High Commissioners in Germany should review the propaganda needs there initiating joint psychological activities, which will be important this winter.

The French said they had no specific ideas to put forth, that the US proposals would be of interest to the French government.

UK indicated its agreement emphasizing that coordination should not mean combination. It was pointed out that advance notice of intent

[8] Copies of SFM D–5*b*, dated August 26, not printed, "Psychological Objectives: The Need for Policy Coordination," a revised paper of the same title, SFM D–5*c*, dated August 28, and two briefs of the latter, none printed, are in CFM Files: Lot M–88: Box 152: SFM Documents.

to employ increased political propaganda lessens the effect of the propaganda itself. NATO should stimulate propaganda activities but should not advertise its intent. The UK agrees on the necessity for more review and coordination in Germany but this must be achieved with a minimum of publicity. German public opinion may be of critical importance in the next few years. It was emphasized that the employment of local people for the dissemination of propaganda ideas is of great importance in the areas where propaganda by "whites" is looked upon with suspicion. Consideration should be given to obtaining general agreement on the means of destroying Soviet myths. Belief in Soviet "peace" is now melting as a result of the Korean aggression. In Asia it is especially necessary to destroy the myth that communism is the friend of nationalism.

The US suggested that the Foreign Ministers need not give much attention to this item since general agreement exists, but the matter should be put up to them to emphasize the great importance of intensifying propaganda activities, as agreed last Spring, and of more coordination to meet the difficult problems which are arising (for example, treatment of the relationship between the USSR and North Korean aggression).

The British suggested that in formulating a proposal for the Foreign Ministers it would be desirable to point up the fact that the Soviet Union is less and less interested in attacking governmental relations and is directed now to subversion of peoples. It is important to line up the people rather than the governments.

The US suggested that recommendations to the Foreign Ministers should include a few principle themes of propaganda.

Agenda Item V—Consideration of Western European Problems Such As East–West Trade, etc.[9]

The US position on East–West Trade was presented by Mr. Whitman. He pointed out that earlier discussions have not been conclusive and that lower-level Paris discussions have not been satisfactory to the US. The differences between the governments are obviously differences of principle which must be resolved if the Paris group is to make more progress. The background contained in the position paper[10] was presented to the French and British and statistical tables were distributed, the purpose of which was to buttress the US contention

[9] Documentation on East-West trade, including material on the activities of the Advisory Group on trade controls is scheduled for publication in volume IV.

[10] Presumably this is a reference to SFM D–6*b*, dated August 26, not printed, which is the third paper in the SFM D–6 series. Copies of SFM D–6, August 16; SFM D–6*a*, August 23; SFM D–6*b*; and various briefing materials for the use of Secretary Acheson are in CFM Files: Lot M–88: Box 152: SFM Documents.

that acceptance of the US proposals actually would have less effect on the economies of Western European countries than has some times been contended.[11] It was emphasized that the US proposals do not represent an expansion of the list of items which it originally proposed for international control and that acceptance of the proposals would not lead to a general embargo or constitute economic warfare. Mention was made of the concentration in the Soviet economy on military production, the fact that no long term hope should be placed in East–West Trade since the Soviet Union controls the trade of all orbit countries and could impose an eventual cutoff, and the fact that the expansion of defense efforts in the West will help to absorb much of the industrial activity which would otherwise be directed to exports outside Western Europe. A paper was distributed to the French and British containing the three statements of broad principle contained in Section I of the Recommendations of the position paper and mention was made that if the three Foreign Ministers could agree on these principles, action would be expected in Paris as outlined in Section II of the Recommendations of the position paper.[12]

The UK delegation stated it is not prepared to negotiate this matter in the preliminary talks. It recognizes the differences in view and believes that many Western European countries share the British view. The UK agrees that the subject be discussed by the Foreign

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[11] Copies of the three tables under reference here are contained in CFM Files: Lot M–88: Box 152: SFM Documents.

[12] The recommendations of SFM D–6*b* read:

"I. The Secretary should review the existing situation and the conflicting points of view . . . using such of the United States argument as seems necessary to obtain British and French agreement on the following statement of broad principle:

"(*a*) The mutual security interest of the Western allies in the present world situation requires the general adoption of a vigorous, uniform and effective export control program which will contribute to the strengthening of the West relative to the East not only by limiting the short-term striking power of the Soviet Bloc but also by retarding the development of its war potential in the longer terms.

"(*b*) An effective export control program therefore requires that there be adequate restrictions not only on the export of items of direct military significance (e. g., military end products and materials or equipment needed to produce them) but also on the export of items which would substantially contribute to the building up of the basic industrial potential which is needed to prosecute a general war.

"(*c*) To attain these objectives, each country should be prepared to make the necessary economic sacrifices and to cooperate with other Western partners to reduce them (e. g., by diverting strategic exports to the expanding western military production programs).

"II. If the Secretary obtains British and French agreement with the propositions just stated, he should point out that it logically follows from this agreement that our three Governments will now proceed, in future export control negotiations at Paris, to reintroduce and reexamine the items on the US 1–*b* List (more than half of the total) which have thus far been rejected for international control, and of course, that we will promptly proceed to bring under effective control many other 1–*b* items (List III) which are now uncontrolled awaiting further consideration."

Ministers. It is the belief of the UK delegation that the UK government is not disposed to move from its earlier position. The most that the UK delegation can do at the preliminary talks is to note the US view, inform the Foreign Office and help draw up a statement of the differing points of view. To this end the British view is set forth as follows. The UK appreciates the need of depriving the Soviet Union of items of "direct military value" even at the expense of its own economy. In considering items which are less definitely classifiable, attention must be given to (1) the general advantage to the Soviet Union, and (2) the importance to the UK of obtaining certain materials from the Soviet Union and other Eastern European countries. The UK economy has been just kept afloat since the war and is only now beginning to make progress. Marginal trade is thus important and the fact that the items considered in the American exposition represent a small percentage of trade is not a sufficient argument. UK economic recovery is vital in the general question of East–West relative strengths. Without the progress made to date the UK could not have assumed added military burdens which will require diversion of effort and thus likely worsen the UK's general trade position.

The UK feels that its present position provides great flexibility. Additional items on the embargo or limitation lists can be added when special circumstances require (as was shown in recent Far Eastern developments).

The UK continues to feel that it is difficult to draw the line between the US proposals and economic warfare.

The actual amounts of specific goods imported by the UK from Eastern Europe, and not the percentages of these imports to total imports are important. Also important is the question of the cost of obtaining the goods elsewhere or alternatively the impact on the UK economy of doing without the goods in question. The UK questions the means which would be used to limit the size of exports on the 1*b* list. The UK asked if Point (*b*) of the Recommendations is intended to cover the items presently on the 1*b* list since it is felt that Mr. Bevin would be influenced if that were the case. The UK delegation felt that the wording of Recommendations *b* [(*a*)*?*] could be considered to permit the limitation of the shipment of articles of all sorts to Eastern Europe. The UK delegation also pointed out with regard to Recommendation C that the UK is interested not in exports but in imports.

The French delegation stated it has received no instructions, but there are differences of view between the French and US governments. The US proposal will be transmitted to Paris with the request for instructions.

The US delegation emphasized that present developments added urgency to the need for further development of East–West Trade controls. It was re-emphasized that the proposals do not constitute embargo or economic warfare but only a limitation program serious consideration of which is requested.

The US stated that the US government is considering suggestions with regard to Austria which might be in a definite form in a day or two. It was requested that discussion of the Austrian question therefore be deferred to the end of the discussions.[13]

[13] In telegram 1104, August 29, to London (repeated to Paris and Frankfort), not printed, the Department of State summarized the proceedings of this first session and reported "First day's discussions non-committal and exploratory with no evidence of unexpected positions or suggestions as yet." (396.1–NE/8–2950)

CFM Files : Lot M–88 : Box 152 : Pre Mins 1–5

United States Delegation Minutes, Second Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, August 29, 1950, 3:00 to 4:30 p. m.[1]

SECRET

Delegations: British: Burrows, Greenhill, Jellicoe
French: Daridan, de Boisgelin, de Margerie, van Laethem[2]
United States: Yost (Chairman), Jackson, MacArthur, O'Shaughnessy, Raynor, Rountree, Millar (Recorder)[3]

Subject: Security Problem in the Near East and Africa

The U.S. began the discussion by stating that the Turks had recently approached the Norwegians, Danes, Belgians and Italians, as well as other countries, in an effort to obtain support for the Turkish attempt to join the NAT.[4] The U.S. does not have a firm position regarding the question of Turkish participation in the NAT but does feel that it would be desirable that the reply to Turkey should come from the NAT as a body rather than from individual members.

[1] Attached to the source text was a cover sheet, not printed, which indicated that the series designator for these minutes was SFM Pre 2.

[2] Giles de Boisgelin, Attaché, and Gabriel van Laethem, Second Secretary of the French Embassy in Washington.

[3] Douglas MacArthur II, Deputy Director of the Office of European Regional Affairs; William M. Rountree, Director of the Office of Greek, Turkish, and Iranian Affairs; John Y. Millar, Office of Western European Affairs.

[4] For further documentation on Greek and Turkish efforts to join the North Atlantic Treaty, see pp. 220 ff.

The U.S. reported that Mr. Spofford[5] had been informed about the recent Turkish approaches to NAT member countries and about our view as to the desirability of obtaining consent in the Council regarding a unanimous reply to Turkey. It was also made clear that Mr. Spofford has not been instructed to discuss with the other Deputies the substance of the question of Turkish participation. The French and British stated that they had no instructions on this subject.

The French stated that the question of a military commitment to Turkey was not of the same urgency for France or Britain as possibly for the U.S., in view of the Anglo-Franco-Turkish Treaty of 1939 which is still in effect.

No decision was reached regarding the question of a unanimous response regarding Turkish participation in the NAT. It was agreed, however, that there should be tripartite discussion regarding Turkish admission to the NAT prior to substantive discussion of the question in the NAT Council.

Mr. Yost then suggested that the delegates consider other aspects of Greek and Turkish participation in the NAT. The U.S. proceeded to outline U.S. views regarding the Turkish request to enter NAT. The U.S. position in the matter has not, it was said, been formulated as yet but is now under active consideration by military and political authorities. Turkey had made previous requests to join the Pact, in connection with which the U.S. position had been that, although considerable progress had been made in establishing the organizational framework envisaged in the NAT there still remained the important problem of implementing the Pact by concrete steps designed to strengthen the collective defensive capacity of the treaty nations, and until these objectives had been realized we did not feel able to further extend our formal security commitments. Turkey, however, increased its efforts since the outbreak of the Korean War. The Turks' position is that the NATO is not strictly an Atlantic organization since Italy is a member.

The U.S. felt that since past U.S. statements concerning its interest in Turkish security had linked Greece and Iran with Turkey, and the three are linked in the military aid legislation, it would be inadvisable to admit Turkey into the Pact without admitting Greece, although Iran could not be included in view of its non-European status. In this case it would probably be desirable to make a strong statement supporting Iranian security.

Greek and Turkish accession to the NAT would create new problems of organization and planning since their adherence would involve two new countries from a new area.

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[5] Charles M. Spofford, United States Deputy Representative at the North Atlantic Council.

The U.S. suggested consideration of the following alternatives if it is decided to exclude the countries from NATO, but further decided that some new form of reassurance should be found:

1) Establishment of a new regional pact to be made up initially of Greece, Turkey and Iran. The British, French and U.S. might lend their support to this organization.
2) Admit Greece and Turkey to NAT discussions, possibly in a Mediterranean section, on a consultative basis. It was pointed out that they would not be content with this arrangement permanently and at some future time would probably renew their attempts to become members of the Pact.
3) New unilateral declarations by the British, French and U.S. Governments concerning the security of Greece, Turkey and Iran.

The U.S. then stated it would be helpful to have the reactions of the other delegations to these views.

The U.K. replied that it might be most useful at this time to express their general attitude regarding the security of Greece and Turkey. The British objective would be to get tripartite agreement to an analysis of the threats to the security of Greece and Turkey and measures that would be necessary to reassure the people of those countries and to assist them to resist aggression. This analysis should then be presented to the Foreign Ministers as a basis for discussion of the Turkish request to join the NAT.

In the British view, security of the whole Middle East would be jeopardized if Russia gained control of either Greece or Turkey, and as Middle East security is vital to the security of the western world, Soviet control of Greece or Turkey would jeopardize the security of the West as well. Russia might gain control of Greece or Turkey by the following means: revival of guerrilla activity in Greece; attack by Bulgaria upon Greece or Turkey; or an attack by Russia itself. Revival of guerrilla activity is the least unlikely of the three possibilities, but it would be the least difficult with which to cope. The British estimated that there were 5,000 guerrillas in Bulgaria and 2,500 in Albania. They are demoralized but still respond to orders. The Greek Army could cope successfully with this eventuality.

If Bulgaria should attack, northern Greece could be defended but the Greeks would require an increase of military equipment, particularly anti-tank guns for use against Bulgarian medium tanks. Certain military equipment of this type should be supplied to Greece as soon as possible against the eventuality of a Bulgarian attack. In case of an attack, it would be necessary to increase the amount of military supplies now being provided by the U.S. and Britain. Resistance to Bulgarian aggression would place such a strain upon the Greek economy and armed forces that direct military assistance would probably be necessary. A Russian veto in the Security Council could

be counted upon, but aid could be provided under Article 51 of the U.N. Charter.[6]

An overt Russian attack on Greece would probably lead to a general war. The Russians must be well aware of this probable consequence in view of British and U.S. statements regarding their interest in the integrity of Greece.

In discussing how Greek participation in the NAT or some type of tripartite guarantee might affect the three possible threats to Greek security, the British stated that since the Greek Army alone could cope with guerrilla attack without outside assistance, no new assurance of support to Greece is required to counter successfully the eventuality of guerrilla warfare. The possibility of a Bulgarian attack would be reduced, however, if Greece were a member of the NAT or if there were a direct guarantee from the U.S. or other powers. Neither the guarantee afforded by NAT membership nor a commitment from the U.S. would diminish the possibility of Russian attack, since it is already sufficiently clear to Russia that Russian aggression would precipitate a general war. The present British view is that the Russians do not intend to risk general war by either a Russian or Bulgarian attack, but are relying upon their support of Communists within Greece to gain control of the labor unions and political organizations and thus to implement Russian objectives in Greece. Communist control of the trade unions, however, has not reached serious proportions. The British endorse the conclusions of the U.N. Commission on the Balkans (UNSCOB) that the Commission should continue to observe activities on the northern frontier of Greece.

The British believe that the situation with regard to an attack on Turkey is similar to that discussed in connection with Greece, with the exception that the French and British are already committed with regard to Turkey by the Treaty of 1939. Since the U.S. has declared itself deeply interested in the security of Turkey, the Russians must be aware that direct attack involves the risk of a general war. The British believe that Turkey is more secure internally than Greece and that no special cold war techniques are needed to maintain the security of Turkey. The common objective should be to make Turkey as effective an ally as possible.

In conclusion, the British delegation stated that the Foreign Ministry has no definite views regarding the admission of Greece and Turkey to the NAT. In view of the foregoing analysis the principal

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[6] Article 51 stated in part: "Nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken the measures necessary to maintain international peace and security."

advantage to be obtained by such admission would be psychological, in that Greece and Turkey would be more willing to resist aggression if they received renewed assurances of support. The British expressed the hope that the Delegations would agree to the foregoing analysis and so inform the Foreign Ministers, and that agreement could also be reached regarding the necessity of increased military supplies to Greece in the event of Bulgarian attack.

The French stated that they had no instructions on the question of Turkish admission to the NAT and that they believe the matter should be decided at the Foreign Ministers level. In their personal view, however, they believe that France is definitely interested in the security of the countries mentioned. They agreed with the British that Turkey was more secure internally than Greece, that in the event of a Bulgarian attack on Turkey assistance could be furnished under Article 51, and that a Russian attack on Turkey would precipitate a general war. They also agreed that a U.S. guarantee to Turkey would bolster Turkey psychologically to resist aggression.

With regard to Greece, the French agreed with the British evaluation that the Greek army was capable of resisting a renewed guerrilla attack and that in the event of Bulgarian aggression assistance could be furnished under Article 51. They also agreed that there could be no doubt that Russia understood that a Russian attack on Greece would precipitate a general war. The French stated also that they believed the principal advantage of an assurance of support would be psychological. It was their opinion, however, that it was up to the Foreign Ministers to balance the pros and cons of Greek and Turkish admission into the NAT. Possibly the admission of Greece and Turkey might provoke the USSR. They thought that France would probably be unwilling to guarantee the security of Iran since in the event of aggression France would not be able to extend effective help.

Mr. Yost suggested that further consideration might be given to two of the points mentioned: first, whether the entry of Greece and Turkey into the NAT would act as a deterrent to the USSR; and secondly, whether—if they were not admitted—it would be necessary to give some other assurances of support to offset an unfavorable psychological reaction. The U.S. pointed out that this might be necessary since at least in Turkey the question of entry into the NAT had become an important national political issue; and that if Turkey's request was not approved Turkish morale might be adversely affected.

Commenting on the British and French remarks, with which the U.S. generally agreed, the U.S. stated that an attack by Bulgaria on Greece might also involve Albanian aggression, although the power

of Albanian forces is not very great. The U.S. estimate of potential guerrilla forces was higher than that mentioned by the British but the differences were slight. The U.S. agreed that the Greek army would be able to cope with a guerrilla attack, but, if it is on a large scale, felt that some increase in the amount of military equipment being provided to Greece might be necessary to maintain an adequate defense level. It was added that the subject of Greek capabilities vis-à-vis Bulgaria was under active study at the present time in the light of current information concerning Bulgarian forces. The U.S. agreed that UNSCOB should continue to function on the Greek frontier.

The British and French stated that they were not aware of any position by their governments with regard to the advisability of extending some assurances to Greece and Turkey for psychological reasons in case they were not admitted to the NAT at this time.

The U.S. asked whether the Delegations should advise the Foreign Ministers that they felt some consideration should be given to this question either now or in the near future. The British replied they probably would not receive instructions on this point in time to reach agreement prior to the meeting of the Foreign Ministers.

The meeting was adjourned after the U.S. suggested that the reasons for not admitting the countries to the NAT were not all valid with regard to the inclusion of the countries in one of the alternate plans.

CFM Files: Lot M–88: Box 152: Pre Mins 1–5

United States Delegation Minutes, Third Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, August 30, 1950, 10:30 a. m. to 12:45 p. m.[1]

TOP SECRET

Delegations: British: Burrows, Graves, Greenhill
French: Daridan, van Laethem, Millet, Fequant
United States: Yost, Raynor, O'Shaughnessy, Jackson, Lacy, Bacon, Bancroft, Myers, McSweeney (Recorder)[2]

Policy Towards Chinese Communist Threat to Southeast Asia and Current Developments in Indo-China (Agenda Item VI A and D)

The UK's position was presented by Mr. Graves and began with a general survey of the Southeast Asia situation where the UK feels

[1] Attached to the source text was a cover sheet, not printed, which indicated that the series designator for these minutes was SFM Pre 3.

[2] William S. B. Lacy, Acting Director of the Office of Philippine and Southeast Asia Affairs; Ruth E. Bacon, United Nations Adviser of the Bureau of Far Eastern Affairs; Harding F. Bancroft, Director of the Office of United Nations Political and Security Affairs; Denys P. Myers, of the Office of the Legal Adviser.

developments in the recent months have been encouraging. Burma has strengthened control particularly with regard to isolating the communists from the population. The Burmese government commands more general support now than three months ago. The Siamese government is showing a bolder anti-communist front with increased support from other parties. Arms and equipment which have been received have been a great help to the Siamese government. One important feature about the Siamese position is the interdependence of Siam with the British Commonwealth and Japan in the rice trade. The Indonesian government, although still unstable, has begun to recognize its problems and its justification for confidence in future slow but effective progress.

In Indo-China, Vietminh has not been active in recent months and may be reserving its strength for the much heralded offensive.

In Malaya the Briggs Plan to coordinate the military and civilian authorities' efforts to bring Chinese squatters areas under effective administration and to deprive the Malay peoples liberation army of support has met with considerable success. It is hoped that the southern area will be dealt with this year, the central states in 1951, and the northern area by the end of 1951 or early 1952. The steady progress achieved proves that the plan is capable of implementation. There has been a steady growth of national consciousness and measures have been taken for granting citizenship to the Chinese and the development of the Malays. Although the slow developmental rate of the Malayans retards the program, Malaya is one of the most advanced and developed of Southeast Asian countries.

In general there has been gradual and steady progress in Southeast Asia. External pressures complicate the problem and our particular attention should now be devoted to covert means of pressure. The UK believes that in the near future the Chinese communists will not find it in their interest to embark on overt aggression but will not fail to take advantage of covert possibilities. But we must intensify direct action to deal with the definite aggressive element present in Indo-China and Malaya. On the basis of the estimate that there will be no Chinese communist aggression in the near future, we need not consider any important intensification of military support efforts in Siam and Burma. There is a hardening of anti-communist opinion as a result of the Korean hostilities but we must show to the Southeast Asian peoples that (1) we are prepared to deal with communist aggression (by intensification of efforts in Indo-China and Malaya), and (2) Southeast Asian nations will receive Western support in making themselves strong and independent (including economic assistance which is probably more important than military assistance). The May Foreign Ministers meeting agreed on programs for control

of arms smuggling and increased propaganda efforts in Southeast Asia. These points are being implemented at the present time.

Even if the UK maintains at the present level economic aid through unrequited exports and if all local resources were exploited, a considerable gap will continue to exist. Economic development of the area would contribute to the general economic welfare. Short term direct dollar aid is required to enable speedy economic development. It would be hoped that such aid could be given in an untied form so that Western Europe might participate (the UK delegation will make available copies of its suggestion on this point).

The UK attaches the greatest importance to solution of the rice problem. The demands of the rice deficit countries are ever increasing. Japan is deprived of access to the rice crops of Korea and Formosa. Burma and Indo-China produce only a fraction of their prewar export crop. To arrive at proper allocation of the limited supply, a meeting is being held at Singapore of the representatives of the rice deficit areas. The UK would like to have SCAP representation and a US observer. While recognizing SCAP's problems, the UK feels that people of Southeast Asia who were victims of Japanese aggression should have preference in allocation of rice. SCAP purchases in the last period have contributed to the difficulties of rice distribution.

The social and cultural links between Southeast Asia and the West are important. An important feature of communist activities in the area has been the use of the WFTU, WFDY, and IUS which have caused considerable harm. The IFFTU is just beginning to counter these organizations' activities. The three governments must strengthen with the Southeast Asians the social and cultural links of Southeast Asia and the West.[3]

In summary the UK position consists of seven conclusions. (1) Indo-China is the principal problem in the area because of its geographical situation and the fact that the issue is already joined there, (2) the fulfillment of the Briggs Plan is vitally important to the whole area; it is principally a UK problem but may require joint effort, (3) the British Commonwealth and the US must continue to supply Burma and Siam with military supplies to assure the continuance of effective administration and public confidence therein, especially in border areas, (4) the three governments should press economic aid plans so that the peoples of Asia realize their welfare is at stake in the struggle between the West and communism; there must be a mixing of the welfare of the West and Southeast Asia, (5) every effort should

[3] Documentation on the World Federation of Trade Unions, the World Federation of Democratic Youth, the International Union of Students, and the International Federation of Free Trade Unions is scheduled for publication in volume IV

be made by the Western countries to assure that adequate supplies of rice are available to rice deficit countries. This will require the cooperation of SCAP and other deficit countries, (6) the West must strengthen the links between Southeast Asia and the West: (*a*) foster responsible Asian nationalism, (*b*) develop trade exchange between SEA and the West, (*c*) discreetly help to strengthen organizations such as the IFFTU, (*d*) increase cultural exchange, (*e*) provide copious information regarding Western activities in Asian affairs, (7) the three governments must continue to insure that the governments and people of SEA are made aware of the true nature of the communist menace in Asia.

The French views were presented by Mr. Daridan. With regard to the Bangkok Conference on arms smuggling decided by the Foreign Ministers in May, some meetings have been held but until now there is no evidence of real help by the Siamese in checking the frontier.[4] The French delegation expressed the view that Bangkok Committee is too bulky, particularly on the Siamese side, to perform useful work and that the Siamese government expects others to do its work.

The French government is aware of British successes in Malaya but is disturbed that in Malaya as in Indo-China a large proportion of the population is engaged in warfare and another large portion of the population remains "on the fence".

With regard to Indo-China, France has already transferred 17 administrative services to the Associated States and by the end of the year expects to transfer services connected with geographical survey, meteorology, civil aviation, rice, oceanography, merchant marine, and ports and railroads. Other administrative powers have been transferred to Vietnam, Cambodia and Laos. As the result of achievements in the Pau Conference,[5] it is hoped to be able to transfer treasury and customs administrations as well. One of the great difficulties in arranging transfers of powers is that of locating reliable and capable local personnel while a large proportion of the population is "on the fence".

The main difficulties in Indo-China remain military. There has been slow and steady improvement and large areas have been liberated, including important rice areas (thus depriving Vietminh of income it had obtained from the export of rice). The French government considers that Ho Chi Minh is a man who tries to back up what he has said, and he has promised a general offense in 1950. There is plenty of evidence of the building up of strong forces and a strong offense

[4] Regarding the Foreign Ministers consideration of arms smuggling, see p. 1082; for further documentation on the Bangkok Conferences, see vol. VI, pp. 1 ff.

[5] For documentation on the Pau Conference of France, Vietnam, Laos, and Cambodia, see *ibid.*, pp. 690 ff.

in the north must be contemplated. In the last five years 22,000 French soldiers have been killed and 27,000 wounded. French forces have been increased and together with the 12 Vietnam battalions and relatively large defense units are considered to be sufficient to meet a general Vietminh attack. One major problem is that French equipment is wearing out; of two lists of urgent military needs presented to the US government in March 1950, including 17 priority types of items, only 7 of these priorities will be met by expected shipments.

Since the beginning of this year the French have been faced with possible Chinese aggression. The Chinese communists have made heavy shipments of military equipment to Ho, are repairing roads, are training increasing numbers of Vietminh troops (at least 40,000 have been trained). Vietminh now could put divisions in the fight in the next few months. The French government does not agree that there is no prospect of attack by Chinese communists on Indo-China and requests that the US consider possible measures of aid. Since Indo-China is primarily a military problem at the present time, the French government thinks that economic aid should be made more complementary to military aid.

The French government therefore requests (1) direct military aid as mentioned by President Truman on June 27,[6] (2) financial aid on military expenses in Indo-China to the amount of about $150,000,000 (this request will be made to the NATO), and (3) a coordinated survey of the possibilities now existing to meet the potential Chinese communist threat and coordinated US–UK–French measures to resist such attack.

With regard to the questions raised in the past regarding (1) mediation of the Indo-Chinese difficulties, and (2) a possible French appeal to the UN in case of Chinese communist attack, the French delegation states that the French could not accept mediation since it would put France and the Associated States on the same level as the rebels, but France would appeal to the UN in case of direct Chinese communist attack.

The French government agrees with the British on the need to counter aggression but such action must be successful. We must give Southeast Asia the certainty that we are going to win. Uncertainty is one of our most important problems in that it affects our efforts to get the indispensable elements of the local population for service in a stable government. Substantial economic aid in due time to SEA

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[6] In his statement on June 27, reporting that he had ordered the United States forces to support South Korean troops against the attack by North Korea, President Truman also said that he had "directed acceleration in the furnishing of military assistance to the forces of France and the Associated States in Indochina. . . ." (Department of State *Bulletin*, July 3, 1950, p. 5)

will be necessary if we are to meet the basic requirements of the economy and the morale of the SEA populations.

The US views were presented by Mr. Lacy who stated that there are large areas of agreement among the three governments. We agree that Indo-China is the principal problem and we think that Indo-China is the key to control of the mainland and may be the key to the insular areas dependent on the mainland. Preservation of Indo-China from communist domination depends on the concomitant success of the military and political programs. Military progress depends on the degree of support which can be achieved of the indigenous population in the suppression of guerrilla warfare. To be successful Western allies in SEA must have at least the neutrality of a considerable segment of the population. There has been much political progress in Indo-China in securing non-communist nationalist support for Bao Dai and reducing the political support of Ho. But military success is essential; the population must be assured of security. All three governments agree that a most significant contribution to the military program lies in increasing the participation of native armies. The US would like details of the Pleven proposals.[7] The US is considering its role in this connection. Much remains to be done by the French and Indo-Chinese to impress upon the rest of the world, particularly Asia, the importance of French concessions already made to Indo-Chinese nationalism as well as indication of the future plans. India's failure to recognize Bao Dai is due less to disagreement than to ignorance. This is also true of Indonesia and the Philippines. This supports the French and British suggestion that the propaganda program be increased. The US is addressing itself to this problem.

The US is not so optimistic as the British regarding the possibilities of Chinese communist invasion and faces a joint survey of what would be required in the event of invasion.

Mr. Bancroft stated that the US would hope that the Indo-Chinese problem would not be referred to the UN now but is in full agreement that if there is direct invasion by the Chinese communists the matter should be referred to the UN in order to gain the free world's support as occurred in the Korean hostilities.

With regard to SEA generally, Mr. Lacy stated that there is substantial agreement among the three governments. The US would hope that there might be increased cooperation between the British and Burmese military, pointing out that the US is aware of the difficulties in this matter. The US agrees we should continue to cooperate in limited military aid to the Burmese.

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[7] For further documentation on the Pleven plan, see pp. 154 ff.

The US is considering how it can aid in implementation of the Briggs Plan. The question of the rice problem is now receiving urgent consideration by the US government. The US realizes the great importance of this problem and will hope to communicate again with the British within the next 24 hours. The US agrees with the French and British that the cultural links between the West and SEA are important and is following closely the IFFTU efforts in the area.

In response to a US inquiry, the French delegation stated that it has no information regarding the possibility that another nation might bring the Indo-Chinese question before the United Nations in the absence of direct Chinese communist aggression.

With regard to the decision in May to renew efforts to convince SEA peoples of the nature of the communist menace and to persuade them that they must fight for their own sake, we think considerable success has been achieved. Recent indications from Indonesia are that that government understands and will do its best in difficult circumstances to liquidate communist threats, though it will probably be some time before Indonesia abandons its neutrality. The three governments should support the present moderate anti-communist government. Such support will have effect elsewhere in South Asia and Southeast Asia where peoples are impressed by our attitudes toward Indonesia. The New Guinea problem [8] presents difficulties but in view of the past history of Indonesian negotiations we can be hopeful that a negotiated settlement can be achieved. The three governments should not intervene in these negotiations and efforts must be made to avoid any appearance that a brown versus white struggle is in the making. The present Indian position is moderate but will not stay so if it appeared that race differences had developed.

With regard to arms smuggling, it appears that there are differences of evidences at hand regarding the success of the Bangkok Committee. It would be useful to have the evidence available to the French. If Siam is failing to play its full part it is probable that the US can do something about it.

Mr. Yost stated many points of agreement have been revealed and that the major disagreement relates to the likelihood of Chinese communist overt attack on Indo-China.

The UK stated that in the view of the UK government although there is evidence of activity near the Indo-Chinese border and although there has been hostile communist propaganda, there is no evidence of Chinese intent to attack in the near future. Since in the British view the Chinese do not wish conflict with the French

[8] For documentation on the negotiations between the Netherlands and Indonesia concerning the status of New Guinea, see vol. VI, pp. 964 ff.

or the possible resultant general war and since the Chinese communists are likely to resist Soviet pressure to associate themselves with Ho, it is unlikely that they will go beyond providing arms, training troops, the use of Chinese territory and provision of technical advisors to Vietminh forces. The French and US views will be transmitted to the Foreign Office.

In view of the considerable discussion which has taken place regarding the defense of Indo-China and the need for consultation to ascertain what help would have to be given in the event of Chinese attack, the UK would like to start consultation as early as possible to determine what aid could be given.

The French stated they would refer the British suggestion to Paris and indicated that the delegation is of the opinion that the French government would recommend consultation on the spot in the Far East.

It was agreed that the question of a coordinated survey would be referred to the Foreign Ministers for decision.

In response to a British inquiry regarding any evidence of further substantial rallying of Ho supporters to Bao Dai, the French delegation stated there has been substantial rallying to Bao Dai in the rice regions of Tonkin and in Cochin-China.

The UK and US stated that Bao Dai must have something to show in order to gain support. Thus it would be helpful if it were possible for the French to speed up transfers of power, etc., to provide something notable which might be used as convincing evidence of Bao Dai strength. The British stated it is particularly difficult to persuade Commonwealth and other governments to recognize Bao Dai in the absence of such evidence.

The French agreed with the British views regarding the propaganda efforts that should be made and that French efforts on the publicity side have been a bit feeble. The French pointed out that it is difficult for the French government to advertise itself and therefore must wait until local governments can speak for themselves. The French are as desirous of transferring all powers as it is to withdraw its troops but faces the same difficulties in this question as in the military aspect, i. e., finding reliable and capable local personnel. The French felt that there may have been some surprise at the amount of aid which is now needed. The new estimates are based on the experience in Korea which proved that a Chinese attack would employ all means of modern warfare and Vietminh itself can be expected to be prepared for modern warfare.

CFM Files : Lot M–88 : Box 152 : Pre Mins 1–5

United States Delegation Minutes, Fourth Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, August 30, 1950, 3:00 to 5:30 p. m.[1]

TOP SECRET

[Part 1]

Delegations: British: Graves, Burrows, Greenhill
French: Daridan, de Margerie, Millet, Fequant
United States: Yost, Emmerson, Bancroft, Raynor, Jackson, Emmons, O'Shaughnessy, Hackler, Bacon, Ranney (Recorder)[2]

Subject: Korea

In opening the discussion on Korea, Mr. Emmerson said that the U.S. position was still tentative and we wished to hear the views of the other Powers regarding the future course of action. It was unnecessary to detail the events which had led up to the present position. U.N. responsibility for Korea had existed for some time and present action in the country was clearly based upon the Security Council resolutions of June 25 and 27, 1950.[3] As the U.S. saw it, the problem might be divided into two phases, (1) the question of present enforcement action and, (2) long-term objectives for Korea. Both matters, in the U.S. view, required urgent consideration. Reversal of the North Korean fortunes would compel a decision by the Soviet Union regarding its own course of action and the danger existed that the USSR might take extreme measures, either of open intervention or of large scale military assistance to the North Koreans. These questions would become particularly acute when the North Korean forces were driven back to the 38th Parallel, and the U.S. believed that continued military action would depend upon prior decision by the U.N. It was clearly desirable that efforts for the unification and independence of Korea be carried through to a successful conclusion. The U.S. stated, however, that it believed no step should be taken which might provoke a general war.

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[1] Attached to the source text was a cover sheet, not printed, which indicated that the series designator for these minutes was SFM Pre 4.

[2] John K. Emmerson, Planning Adviser of the Bureau of Far Eastern Affairs; Arthur B. Emmons, Acting Officer in Charge of Korean Affairs; Windsor G. Hackler, Staff Assistant in the Bureau of Far Eastern Affairs; Frederic G. Ranney, Office of British Commonwealth and Northern European Affairs.

[3] For the texts of the two Security Council resolutions on Korea, June 25 and 27, see vol. VII, pp. 155 and 211, respectively.

The U.S. proposed the following course of action as U.N. forces approach the 38th Parallel:

(1) Constant assessment of the situation should be made and continued consultation held with U.N. members to seek general agreement to the course of operations:
(2) If Soviet forces occupy North Korea to the 38th Parallel, U.N. forces should not cross the Parallel unless ordered by the U.N.;
(3) If major Soviet or Chinese Communist combat units engage or clearly indicate their intention of engaging in hostilities, the question of further action should be referred to the Security Council.

The U.S. put forward the following proposals with regard to restoration of peace and security in Korea:

(1) The final solution must be consistent with the principles of the U.N. Charter and U.N. support of action in Korea must be assured and solidified.
(2) Consideration should be given to the reports and recommendations of UNCOK.
(3) An appropriate U.N. body should be created to study and make recommendations to the GA on the future of Korea. Such recommendations should be based upon (*a*) permanent unification of Korea requires free elections in Korea under the observation of the U.N.; (*b*) the Government of the Republic of Korea should continue to be recognized as the only lawful Government and should be consulted on long-term solutions; (*c*) any solution must conform with Korean aspirations and U.N. objectives; (*d*) continuing U.N. support will be necessary.

The U.S. also expressed the view that it would probably be necessary to retain a U.N. force in Korea for some time after the cessation of hostilities. Such a force should include substantial contingents from Asian countries. U.S. forces would be available for this purpose, but the U.S. would recommend that its contingents be stationed South of the 38th Parallel. The U.S. also believed that members of the U.N. should give such political and economic aid to the Korean Government as might be necessary after the conclusion of hostilities.

The French representative began by mentioning that the Korean problem was at present under discussion in New York between the various delegations to the U.N. Without prejudice to the course of these discussions he could state the following general elements in the French position:

(1) Until the Security Council has passed a further resolution on the subject, U.N. forces should not cross the 38th Parallel, as this would create a new situation and might bring in the USSR and China;
(2) U.N. forces must remain in South Korea after the liberation of the country;

(3) It would be inconsistent with the high principles which have guided U.N. action in Korea for the U.N. merely to undertake a restoration of the Rhee Government, which has revealed its internal weaknesses and corruption. Elections shortly before the invasion clearly demonstrated that a large majority of the people were dissatisfied with that Government. Moreover, re-establishment of the present regime might provoke a widespread terror in the country. France believed that new situations called for new formulas. Whatever formula is adopted, its application should be step by step, to gain time, allow passions to cool, and permit a period of guidance of Korean affairs by the U.N. In response to a question by the U.S. representative, the French admitted that any apparent effort to keep Korea in a state of tutelage might be resented by other Asian powers, but he said that the decision would be a U.N. one so that the Western powers alone could not be blamed for slowness in implementing a solution. It was obvious, in any case, that the U.N. could not stay in Korea "for only a few days".

The British stated that because of the nature of Korean operations their remarks at this meeting could be speculative and exploratory only. They were largely in agreement with the U.S. position as outlined, although there were some different points of emphasis. The British attached great importance to the remarkable array of unanimity in support of U.N. action in Korea and believed that every new phase of action should be designed to command widest support, especially in Asia. The U.N. therefore should endeavor to make just and reasonable arrangements for Korea, even if these arrangements in practice were difficult of attainment.

Some early statement should be made of broad U.N. objectives for the country. The British agreed with the French that something more than the mere restoration of authority of the present Korean Government was necessary. A limited objective of this kind would satisfy no one. The United Kingdom holds that the Government of the Republic of Korea has no title to sovereignty to those parts of the country where free elections have not been held. Rhee's pretensions that all Korea is under his Government are accordingly unacceptable and any solution for Korea based upon these pretensions would split the democratic powers.

The British suggested that one way of clarifying U.N. objectives might be a resolution of the GA that as soon as the situation permits, all previous U.N. resolutions with respect to Korea should be implemented and that free elections be held at the earliest date. Such a resolution need not commit us to the view that the 38th Parallel should be crossed—this decision could be made at a later date—but it would emphasize our desire to unify Korea on a democratic basis. In the British view, the GA was the most appropriate body for the consideration of broad objectives with regard to Korea.

The British doubted whether crossing of the 38th Parallel could be justified under the resolution of June 27, 1950, as this resolution was aimed at repelling attack. Crossing the Parallel or establishing a permanent occupation of North Korea would be another matter requiring further decision by the Security Council. In any event, it was essential that a general statement of objectives be made prior to any extension of military activities beyond the 38th Parallel. Future circumstances would necessarily affect the decision as to the wisdom of committing U.N. forces north of the 38th Parallel, particularly the state of the North Korean forces at that time. The British shared the view that fighting North of the 38th Parallel would increase the risks of Soviet intervention. They believed the USSR did not wish to provoke a major war, but the Soviets might dispatch a volunteer force or large military supplies which would create a situation full of explosive possibilities. It was, of course, possible that the USSR might in any case occupy the country up to the 38th Parallel or take other action alleged to be in the interest of restoring peace. The Soviets might also revive previous proposals for a four-power trusteeship of Korea, although we could solve this problem by exposing Soviet motives and saying that the Koreans have demonstrated their ability to govern themselves. The British agreed that U.N. forces should be retained in Korea during the period of readjustment following cessation of hostilities to prevent renewed aggression and maintain order. In their view, permanent occupation of North Korea by U.N. forces should not be contemplated.

The British believed that UNCOK as now constituted was not an entirely suitable body for handling Korean affairs involving the establishment of the new state. A new Commission should be formed, composed largely of Asian representatives to make recommendations to the U.N. on problems relating to establishment of an independent and unified Korea. The Commission would also inform the Koreans of the intention to hold elections and if possible would arrange for U.N. forces to enter North Korea to supervise the elections. The Commission would be charged with preventing retaliation by the South Koreans. In the British view, such a Commission should be as strong as possible, composed of members who would carry considerable weight. It might remain in Korea for about a year, or whatever period was necessary for secure establishment of the new Government. The British were of the opinion that elections should be held in whatever part of Korea may be liberated by U.N. forces, whether or not it is possible to hold them North of the 38th Parallel. They had no definite instructions on this point, however.

The U.K. shared the view of the other Powers that the new Korean state would need continued military and diplomatic support because

of the ravages of the present conflict and the danger of subversion which the Korean Government would have to face.

In reply to the views put forward by the British and French representatives, the U.S. representative stated that we appeared to be in general agreement, the chief point of difference being our attitude to the present Korean Government. The U.S. favored continued recognition of the Republic of Korea as the only lawful Government in the country, which should be consulted with respect to any long-term solution of the Korean problem. The U.S. pointed out the importance of maintaining the prestige and continuity of the Republic of Korea, a nation sponsored by the U.N., and cited the democratic aspects of that Government in spite of its immaturity and inexperience. If Rhee is, in fact, not supported by the Korean people it will be up to them to change the Government by democratic processes.

The British and French representatives continued to express their dissatisfaction with the Rhee Government, although the French representative agreed that Korean pride should not be diminished and that this matter needed careful consideration. The U.S. stated that its position was to continue to recognize the jurisdiction of the Government of the Republic of Korea in the exact terms of resolutions which have been passed by the GA. The jurisdiction of the Republic might progressively be extended as free elections were held.

CFM Files: Lot M–88: Box 152: Pre Mins 1–5

United States Delegation Minutes, Fourth Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, August 30, 1950, 3: 00 to 5: 30 p. m.[1]

TOP SECRET

[Part 2]

Delegations: British: Graves, Burrows, Greenhill
French: Daridan, de Margerie, Millet, Fequant
United States: Yost, Clubb, Bancroft, Jackson, O'Shaughnessy, Raynor, Emmerson, Bacon, Stein, Hackler, Ranney (Recorder)[2]

Subject: Formosa

In opening the discussion on Formosa, Mr. Clubb presented the American position.[3] He began with a brief outline of the historical

[1] The source text was attached to the U.S. Delegation minutes, *supra*.

[2] O. Edmund Clubb, Director of the Office of Chinese Affairs; Eric Stein, of the Office of United Nations Political and Security Affairs.

[3] Series SFM D–7/2, Formosa, comprised four papers, SFM D–7/2, 2*a*, 2*b*, 2*c*, at least two briefs of 2*c*, and one annex, none printed (CFM Files: Lot M–88: Box 152: SFM Documents).

developments beginning with the Cairo Declaration of December 1, 1943 [4] and noted that General Order No. 1 of the Japanese Imperial General Headquarters had provided for the surrender of Japanese forces in China (excluding Manchuria) and Formosa to Generalissimo Chiang Kai-shek. He remarked that the President's and Secretary's statements of January 5, 1950 [5] reiterated the traditional American position of non-intervention in the affairs of China. On June 27, in view of the events in Korea, the President had ordered the United States Seventh Fleet to prevent any attack on Formosa, and as a corollary to that action, called upon the National Government on Formosa to cease all air and sea operations against the mainland, with the Seventh Fleet charged to seeing that that was done. The President's action was further clarified in his statement of July 19 to Congress.[6] The U.S. was subsequently charged by the Chinese Communists with aggression against Formosa. The position of the U.S. was set forth in a letter of August 25, 1950 from Ambassador Austin to Trygve Lie and the President in a letter of August 27 to Ambassador Austin confirmed that Mr. Austin's letter summed up the fundamental position of the U.S. Government.[7]

The U.S. and other Powers were fighting Communism in Korea under U.N. mandate. A Chinese Communist success respecting Formosa would constitute (1) a military threat to American, British and French positions in Asia and (2) a great political fillip to the Communist cause which was designed to achieve the conquest of Asia.

The U.S. desired to obtain friendly aid for the "military neutralization" of Formosa for the common good. The Chinese Communists on their part rejected the idea of neutralization and had announced their determination still to effect the "liberation of Formosa". In these circumstances, the United States was considering some aid to the Nationalists to improve their position of self-defense (1) on a short-term basis by supplying some matériel through the use of existing appropriations to meet known deficiencies and (2) through a military survey designed to determine (*a*) existing Nationalist stocks and (*b*) possible longer-term needs. This was for the purpose of discouraging a Communist attack and was definitely not designed to boost the Nationalists in their back-to-mainland drive. There was no political commitment to the National Government or Chiang Kai-shek from either the U.S. Government as such or any Government official.

The statements of the Chinese Communists and their present moves vis-à-vis the U.N. indicated that the question of Formosa remained

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[4] *Foreign Relations*, The Conferences at Cairo and Tehran, 1943, pp. 448–449.

[5] For the texts of these statements, see Department of State *Bulletin*, January 16, 1950, pp. 79 ff.

[6] For the text of the President's statement to Congress, see *ibid.*, July 31, 1950, pp. 163 ff.

[7] For the texts of these two letters, see *ibid.*, September 11, 1950, pp. 411 ff.

very much in being. It was therefore desirable to discuss the matter with the U.K. and France for, first, a clarification of the U.S. position and, second, a harmonization, if possible, of our several views on the subject.

The U.S. had, prior to the Communist submission of the Formosan question to the UNSC, envisaged possible action more or less along the following lines: (1) raising of the question of Formosa by a friendly State in the GA before the Soviet Bloc had opportunity to do so; owing to evident interest of many States in the problem and present circumstances regarding the island, the matter might be raised under Article 11, paragraph 2, or Article 14;[8] (2) appointment of a U.N. commission to look into all phases of the problem and report its recommendations to the next GA; and (3) declaration by the GA calling on all parties to desist from hostilities while the GA commission has the matter under study. A U.N. formula along those lines would be welcome.

The question of Formosa had now been brought before the U.N. by the Chou En-lai note charging American aggression.[9] The matter was now on the agenda by a vote of 7 to 2. Mr. Austin's reply to the charge indicated our willingness to have the matter considered by the U.N. If the U.N. so desired, it might be appropriate to have a commission look into the matter, to determine the facts of the case and the best procedure for a peaceful solution.

The short-term objective of the U.S. was the military neutralization of Formosa. Long-term possibilities for solution would appear to be (1) incorporation of Formosa with mainland China, (2) restoration to Japan, (3) independence, (4) trusteeship under the U.N., or (5) a U.N. plebiscite to determine which of the foregoing is desired by the Formosan people. Action along these lines might make clear that present measures undertaken by the U.S. with respect to Formosa, far from being directed toward a forcible solution of the question of Formosa's long-term political status, in fact operate to prevent a solution of this question by force and to provide an opportunity for peaceful discussion and settlement of it.

In conclusion, Mr. Clubb stated that the foregoing were tentative proposals and did not necessarily represent the final U.S. position.

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[8] Article 11, paragraph 2 provided that the "General Assembly may discuss any questions relating to the maintenance of international peace and security . . ." except those under consideration by the Security Council; Article 14 provided that the General Assembly might ". . . recommend measures for the peaceful adjustment of any situation, regardless of origin, which it deems likely to impair the general welfare or friendly relations among nations . . ." unless the situation was already under consideration by the Security Council.

[9] For the text of Chou En-lai's note to Secretary-General Lie of August 24, see Department of State *Bulletin*, October 16, 1950, p. 607.

Consideration of the Formosan question in the U.N. had evident dangers. Acrimonious debate could be expected. A substantial prior agreement with other friendly States regarding the course of action to be taken was desirable if there were to be avoided serious disputes with public manifestation of division among non-Communist Powers. However, if the matter were not dealt with on the initiative of a friendly State, it might be raised by the USSR or one of its satellites with evident disadvantages. As the SC was now seized of the problem, and it was projected that the GA might likewise take cognizance of the matter, the U.S. desired to have the frank opinions of the British and French delegations as to (1) whether they could support action in the SC and GA along the general lines now laid down and projected, (2) whether they believed action of this nature would receive sufficient support to make it feasible, and (3) what modifications might be made to increase the acceptability of that line of action.

In the U.S. view the present proposal did not exhaust possibilities, and in making it there was no intent of discouraging presentation by the British and French of alternative proposals which they might believe would lessen the unilateral nature of American measures for military neutralization of Formosa during the Korean crisis or which might at least gain wider political support for those measures. Mr. Clubb suggested that a proper beginning for the consideration of the problem would be a weighing of the significance of present Chinese Communist and Soviet moves in Asia as those moves might concern Formosa, and defined the problem as being one of finding a way toward the solution of the problem of joint security in the West Pacific and particularly of Formosa.

The British commented that the U.S. position merited profound consideration, and could not be studied exhaustively at the present meeting. For the British Government, the starting point was the Cairo Declaration, by which they considered the signatory Powers were bound to assist the restoration of Formosa to China. The Cairo Declaration, the British representative said, was considered, "basic" by his Government. The U.K. was thus pledged to a definite line of action and must honor its obligation. The Chinese Nationalists and Communists alike considered that Formosa belonged to China and the racial affinity between Formosa and the mainland made union natural. The British agreed that recent developments in the military situation had made rendition to China difficult and that U.S. neutralization of Formosa made sense as a military decision. This neutralization, however, could only be a temporary expedient. There was a difference between military neutralization and freezing of the political situation, and an attempt to do the latter would lead to difficulties.

The question was one of our long-term intentions regarding the island.

With regard to the various possibilities which had been put forward for the ultimate disposition of Formosa, the British believed that a plebiscite would be ineffective under present conditions with Chiang Kai-shek in control, and and was out of the question. Independence would be irreconcilable with the principle of union with China, although some degree of local autonomy might be possible. Independence would be unpalatable to both Communist and Nationalist Chinese.

The U.K. emphasized that military neutralization imposed the obligation to neutralize all military elements, including the Chinese Nationalists. Since June 27, the Chinese Nationalists had continued "provocative actions" against China, such as attempting to maintain the blockade, interfering with shipping, and distributing leaflets over the mainland. If these activities were continued the inference would be drawn that the U.S. was supporting the Nationalists in this measure of interference, and putting the Nationalists into a position to return to the mainland.

The British said that these criticisms were intended in the most friendly manner to show the difference of approach between the two Governments, a difference which was natural because the U.S. and U.K. recognized opposing Chinese parties. The U.K. was not averse to U.N. consideration of Formosa and probably the only way out of the difficulty was to have U.N. discussion. The British welcomed the U.S. suggestion that the GA should study the problem, although they felt that there should be reaffirmation of the Cairo Declaration, that Formosa should be returned to China, though how and when was subject to study.

In response to a question from the U.S. representative as to whether the British thought the U.S. should make a unilateral statement reaffirming the Cairo Declaration, the British said that the more general the support for such a statement the better it would be, but that one from the U.S. alone would be welcomed. A GA statement would be good. They believed that the Cairo Declaration should be reaffirmed before GA discussion of the problem, if possible, in order that the principle of return to China could be clearly accepted in advance. The U.S. representative inquired whether such a statement should mention return of Formosa to China without specifying which Chinese Government was meant; to which the British replied that it might not be necessary to go into details and probably the statement need only reiterate the basic principle of return to China.

The French representative began his remarks by citing recent intelligence regarding Chinese Communist plans for action against Indochina, and said that his Government had been prevented from recognizing the Peiping regime because that regime had recognized Ho Chi Minh in Indochina. The French Government did not contemplate recognizing the Chinese Communists. They had the impression that the USSR did not wish to facilitate Chinese Communist entry into the U.N. The French position was simple: they did not wish any step to be taken which might bring on war with the Chinese Communists. The French concurred with the neutralization of Formosa, and approved the explanation of our position contained in Ambassador Austin's letter of August 25, 1950 to Trygve Lie. They approved bringing the matter before the U.N. and thought that U.N. discussion offered the only hope for solution. Although without instructions on the point, the French representative was inclined to share the U.S. and British views that the GA was the best body in which to seek a general settlement. Formosa was not a French responsibility.

In replying to these statements from the British and French representatives, the U.S. representative agreed that a clarification of our position regarding the future status of Formosa was called for. There was as yet no fixed U.S. position, although undoubtedly we would have to start from the Cairo Declaration in our consideration. There remained open the question whether the guiding principle for political action should be that Formosa must inevitably be returned to China. We hoped for progress on this matter as the subject developed in the SC and the GA. The U.S. representative raised the question as to the nature of any obligation to keep the peace which the Chinese Communists may have incurred by bringing their complaint before the SC. The British felt that whatever the legal obligation, it would probably have little effect upon the actions of the Peiping regime.

It was agreed that SC consideration of Formosa should be confined to short-term questions such as the Chinese Communist complaint against the U.S., and that the GA was the best organ for general discussion of the problem. The British believed that the degree of U.N. support for any solution would depend on how the resolution was framed and presented. On the whole, however, the range of opinion was very well on our side, and a reasonable solution would get a lot of support, particularly if preceded by a statement that the island would ultimately return to China. Negotiations in the SC would be helped or hindered according to whether or not the U.S. was able to make a general statement of its intentions. The British representative

said it would be improper for them to offer advice as to our conduct in the SC, and emphasized that his comments on U.S. policy were purely personal, in reaction to the problem as presented. The French agreed that the U.S. outline of proposed U.N. action was good.

There was some speculation regarding probable Chinese Communist intentions toward Formosa. The U.S. representative said an estimate of the probabilities of early attack would be helpful to our thinking and schedule for action. The British and French had little information on this point, beyond expressing the view that the Communists still have an attack in mind, but may not have the means to put one in operation. It was agreed that should the attempt be made, it would come soon, rather than later in the year, because of the impending change in weather. In the event an attack is launched before settlement of the question, the British expressed the view that much would depend on how the Seventh Fleet dealt with the situation. For example, the invading force might be shepherded into a port, more drastically, we might blast them and the Communist ports from the air. The more violent our action, the less support we would gain in the U.N., particularly among Asian Powers: the less cause the Communists have for complaint, the weaker their case. The French believed that we would gain the most sympathetic reaction if the fight were not brought to the Chinese mainland. The U.S. representative inquired how the other Governments thought that the SC would best be seized of the problem in the event of an attack on Formosa. The British replied that they thought the SC would continue the present process of consideration along somewhat new lines. The French feared that consideration of Formosa in the SC might create a precedent which could be applied in the future to advocate SC consideration of the problems of Indochina and Hong Kong. The U.S. representative pointed out that there would have to be a measure of express general interest before the SC would take up any subject of that kind.

As for what could be done to help the situation outside the U.N., the British and French believed that the making of the neutralization equally effective to both parties, with prevention of further "provocative action" by the Chinese Nationalists, was the most important single item. The British also felt that the type of military assistance given to Formosa would have a bearing on future developments: if it were clearly for defense only, that was one thing, if for offense, it was another. Recent statements from U.S. sources had increased the skepticism of Chinese Communist leaders as to U.S. intentions and for this reason, also, it would be helpful, as a second measure to meet the situation, for the U.S. to issue a statement of intentions regarding Formosa.

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

SECRET WASHINGTON, August 31, 1950.

Document 3 [D–5] [2]

PRELIMINARY DISCUSSION ON EAST-WEST TRADE

Discussion of export control policies has been principally a statement of views by the US and UK Delegations with the objective of defining areas of agreement and disagreement. While agreeing on the general objective to be sought, the French representatives have deferred comment at this time, pending instructions from Paris.

STATEMENT OF ISSUES

The US and UK representatives agree that their mutual objective in the security export control program is to increase the strength of the West relative to that of the East, and they agree that it is essential to that end to control exports of "direct military significance". They disagree whether controls should be extended to limit as well the export of items (on the US 1–*b* list) which the US states have been selected for control because of their substantial contribution to the basic industrial potential required for prosecuting a general war.

The US has proposed that the Foreign Ministers agree on a statement of principles which recognize that our mutual security interest required the adoption of controls which will retard the long-term development of Soviet Bloc war potential, as well as limit its short-term striking power, by controlling not only exports of direct military significance but also exports of selected items which substantially contribute to basic industrial potential. Agreement on these principles also implies that the three Governments, in future negotiations at Paris, will reexamine the 1–*b* items thus far rejected for international control and promptly act to control other 1–*b* items now held pending further consideration.

DIFFERENCES OF VIEW

The U.K. position is that the proposed additional controls would result in a loss to U.K. of essential (though marginal) imports. This loss would, in the U.K. view, damage the U.K. economy and hamper its increased armaments program to a greater extent than the loss of

[1] Attached to the source text was a cover sheet, dated September 6, not printed, which indicated that this paper had been agreed upon without amendment at the preliminary talks for submission to the Foreign Ministers.

[2] The bracketed series indicators in this and the following documents appear on the cover sheets to the respective documents.

1–*b* imports from U.K. would damage the Soviet Bloc. The U.S. position is that it is necessary in the interest of Western security to slow down the rate at which Soviet Bloc war potential is developing, and that this strategic consideration should prevail against considerations of economic costs, which are believed to be exaggerated and, in good part, avoidable through cooperative action in the West.

In the UK view, furthermore, it is likely that controls over 1–*b* items on the scale proposed by the US would so expand the controlled area as to lead to a more or less general embargo and virtual cessation of trade which would appear to the Soviet Union as "economic warfare". The US points out in reply that its proposals refer only to controls over a selected list of items, already specified in the 1–*b* list and believed for the most part to contribute substantially to the build-up of basic war potential. Trade in strategic exports and essential imports would only be reduced in part if the U.S. proposals were adopted internationally.

CFM Files : Lot M–88 : Box 152 : Pre Mins 1–5

United States Delegation Minutes, Fifth Session, Preliminary Conversations for the September Foreign Ministers Meetings, Washington, September 1, 1950, 10:30 a. m. to 12:45 p. m.[1]

SECRET

DELEGATIONS

British	*French*	*United States*
Sir Derick Hoyer Millar[2]	Ambassador Bonnet	Ambassador Jessup
Mr. Burrows	Mr. Daridan	Mr. Perkins[4]
Mr. Graves	Mr. de Margerie	Mr. Yost
Mr. Burns[3]	Mr. Millet	Mr. Raynor
Mr. Watson		Mr. Jackson
Mr. Marten		Mr. O'Shaughnessy
Earl Jellicoe		Mr. McSweeney (Recorder)

Ambassador Jessup welcomed the British and French delegations. He stated that the work done in preceding conversations had been very satisfactory. There are a number of points which cannot be dealt with at this moment. The function of these meetings should be to develop the points as much as possible, sharpening the documents so that they will

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[1] Attached to the source text was a cover sheet, not printed, which indicated that the series designator for these minutes was SFM Pre 5.

[2] Sir Frederick R. Hoyer Millar, British Deputy at the North Atlantic Council.

[3] Robert Burns, Counselor (commercial) of the British Embassy in Washington.

[4] George W. Perkins, Assistant Secretary of State for European Affairs.

contain the most important points for the Foreign Ministers. It was agreed that today's meeting would attempt to cover all the documents, leaving Tuesday available for another meeting if necessary.

Document 4 (D–4)—Policy Toward the Soviet Union in Light of Recent Developments.[5]

Ambassador Jessup pointed out that at the May meeting of the Foreign Ministers[6] full agreement was reached on this subject, with the approval by Messrs. Schuman and Bevin of the seven points made by Secretary Acheson which constituted a general program. The two striking things which have occurred since then are the Korean aggression and the response of the free world to the aggression. The aggression makes clear that the Soviets will resort to open aggression through the use of satellite forces if advantageous to them. The free world's resistance to the aggression should make it evident to the Soviets that such use of satellite forces is not a useful exercise. We cannot exclude the possibility of similar action in other theaters but the US sees no reason to believe that the USSR desires to resort to general warfare. There is little precise work that could be done in this paper but it does illustrate the advantage of a Foreign Ministers' meeting to provide for a frank exchange of views by the Ministers.

With reference to Paragraph 5, probably all sides agree with the proposition put forth there, but it should be remembered that the Soviets never hesitate to accuse us of provocation although we have been relatively restrained in the general tone of our discussion of items relating to the Soviet Union. The Soviet government is used to sharp talk. Verbal exchanges, therefore, are not necessarily provocative. In our discussion of the Korean situation, although we have refrained from naming the Soviet as the aggressor, our tone made our intent plain to them and we have explicitly urged them to use their influence to end the war if they so desire. The Ministers may wish to discuss the way in which we should treat Soviet responsibility in case of further aggression by the satellites.

Ambassador Bonnet referred to Paragraph 2 of the paper, emphasizing the need for effective action involving complete unity and real integration of the military forces and war industries. He suggested that Paragraph 2 be amended to indicate that there should be a machinery to effect a unity of command in both military and eco-

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[5] The document under reference here was prepared by a tripartite drafting group on August 31 and submitted to the Ambassadors on September 1. In the series of documents prepared for the Foreign Ministers meeting it was designated Document 4 [D–4] and its text is indicated in the footnotes to Document 9 [D–4*a*], *infra*.

[6] For documentation on the Foreign Ministers discussion of the Soviet Union at their May meeting in London, see pp. 1001 ff.

nomic fields. After the UK and US delegations pointed out that details of organization are being discussed by the NAT Deputies and that this paper is supposed to be more general in nature, Ambassador Bonnet agreed to the proposal that the drafting group should amend the paragraph by adding a reference to the expected detailed proposals which will be laid before the Foreign Ministers by the NAT Deputies. Mr. Schuman may bring up the question of unified command in the Foreign Ministers' meeting.

The British delegation suggested slight amendments to Paragraph 3 and an inclusion of reference to the NAT in Paragraph 4. This was referred to the drafting group. It was further agreed to employ the word "local" in place of "indigenous" in Paragraph 8.

Ambassador Bonnet raised the question of the possibility of negotiation with the Soviets on particular matters as a means of avoiding conflicts which would tend to dissipate our forces. It was agreed that the May Foreign Ministers had come to agreement on the question of negotiation with the Soviet Union and that the drafting group should include a reference to that agreement.

Document 3 (D–5)—East-West Trade [7]

It was agreed that the present paper represents only a statement of the views of the UK and US. The British delegation stated that there has been no change of the UK position up to the present and that the matter must be discussed by the Foreign Ministers. Mr. Jessup mentioned that Secretary Acheson can be expected to express our view strongly. Ambassador Bonnet suggested that the paper be left as it stands and noted that the French will have comments later. It was agreed to approve the paper on this basis.

Document 2 (D–6)—Southeast Asia [8]

Ambassador Jessup mentioned that this is a difficult and complex subject but suggested that the paper be condensed as much as possible. This was agreed. It was also agreed that Points 2 and 4 of the *Questions for Ministerial Decision* may not in fact have to be discussed by the Foreign Ministers.

Ambassador Bonnet stated there may have been a mistake in the figure 50,000,000 francs and that inquiry will be made of Paris. It was agreed to make clear the exact amount involved in view of the difference in terminology between British and American practice.

With reference to Item 1.*g.* (Indo-China), Ambassador Jessup explained the American point of view regarding UN on-the-spot investi-

[7] For the text of Document 3 [D–5], prepared by the tripartite working group on August 31, see *supra*.

[8] For the text of Document 2 [D–6], prepared by the tripartite drafting group on August 31, see Document 8 [D–6*a*], p. 1172, and footnotes thereto.

gation as in the case of recent complaints regarding Formosa and Manchuria, i. e., (1) We are glad to have the UN see what we are doing, and (2) Although it is unlikely that the other side would agree to investigation, it is tactically advisable for us to continue this position. Ambassador Bonnet stated that the Indo-China case is different, and that France would oppose reference of the Indo-China problem to the UN except in case of overt attack by the Chinese communists.

Document 5 (D–6) [(D–6/1)]—Korea [9]

The UK delegation suggested that the phrase "Similarly without UN direction . . ." be added at the beginning of A.3.

Ambassador Jessup pointed out that in the matter of military action north of the 38th parallel, we are not talking about military actions, such as bombing attacks which may be carried out for strategic or tactical purposes in the course of the present action, but rather of the use of UN forces, presently in Korea to prevent aggression, to bring about unification of Korea.

Ambassador Jessup raised the question of the meaning of "permanent occupation" in Paragraph 6, page 2, and stated that he assumed that this would not exclude the use of UN forces in the period of pacification of the area. The British delegation stated it felt the phrase meant something like "unduly prolonged occupation" but that the phrase was taken from Foreign Office instructions.

Document 7 (D–6/2)—Formosa [10]

The paper was approved with minor modifications which will be made by the drafting group.

Document 6 (D–7)—Security of Greece and Turkey [11]

In a general discussion it was agreed to redraft the paper retaining the general paragraphs and omitting the partial list of considerations affecting Turkey's admission to the NAT. This matter may be covered more fully in the recommendation of the three NAT Deputies.

It was agreed that the Ambassador should meet next week if, as is hoped, one or more of the delegations shall have more definite and firm proposals to make on this subject.

Press Policy

It was agreed that the question of handling the press at the Foreign Ministers meeting will be discussed next week.

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[9] For the text of Document 5 [D–6/1], prepared by the tripartite drafting group on August 31, see Document 12 [D–6/1*a*], p. 1176, and footnotes thereto.

[10] For the text of Document 7 [D–6/2], prepared by the tripartite drafting group on August 31, see Document 11 [D–6/2*a*], p. 1177, and footnotes thereto.

[11] For the text of Document 6 [D–7], prepared by the tripartite drafting group on August 31, see Document 10 [D–7*a*], p. 1179, and footnotes thereto.

Revision of Papers

It was agreed that the drafting group should make the agreed changes in the reports to the Foreign Ministers and that the reports would then be considered as approved at this level without further review.[12]

[12] Attached to the source text was a summary of Secretary Acheson's preliminary remarks at a meeting of the three Western Foreign Ministers with their Benelux counterparts on September 19 with respect to the work of the ISG. Regarding this meeting, see p. 1242.

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

TOP SECRET [WASHINGTON,] September 1, 1950.

Document 9 [D–4*a*]

POLICY TOWARD THE SOVIET UNION IN LIGHT OF RECENT DEVELOPMENTS

SOVIET INTENTIONS

The Soviet Union probably does not wish to become involved in general war in the immediate future. It may, however, engage in further aggression by proxy, either in the guise of civil war or of attack across frontiers by satellites without overt involvement of Soviet forces, even at the risk of provoking general war. It will in any case continue its sustained effort to subvert free peoples and undermine their will to resist aggression.

The vigorous UN reaction to the Korean aggression doubtless surprised the Kremlin but may induce on its part accelerated effort to improve its strategic position before Western defenses have substantially improved. The points considered under this Foreign Ministers' agenda, plus Yugoslavia and Iran, are the most likely danger spots.

REQUIRED COUNTERMEASURES

1. Western military, political and economic measures of defense should be rapidly intensified.

2. These measures should be efficiently coordinated, necessary central direction established and duplication avoided. It is contemplated

[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been prepared in the preliminary talks and would be submitted for the consideration of the Foreign Ministers. It is a revision of Document 4 [D–4], dated August 31, not printed, the text of which is indicated in the following footnotes. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

that concrete proposals to achieve these ends in the military, political and economic fields in the North Atlantic Treaty area would be considered by the Ministers under Item II of the agenda.[2]

3. Western Europe remains the key area for the defense of the whole free world. Early agreement should be reached to increase its means of defense, including the numbers of the forces present in this area. Rapid action should be taken pursuant to such agreement.[3]

4. If the unity and confidence of the free world are to be maintained, aggression must be resisted with firmness and energy wherever it appears by all available means including, where appropriate, the provisions of the North Atlantic Treaty.[4] The measures of resistance must depend on our joint capabilities in any given case but should be within the UN framework and as effective as possible, subject to the reservation that our resources should not be dissipated in so many subsidiary areas that they will be lacking in the principal theatres. Prompt study should be given to appropriate and feasible countermeasures in case of aggression at the principal possible danger points.

5. In carrying out these military, political and economic measures of defense and countermeasures against aggression, care should be exercised to avoid action unnecessarily provocative to the Soviet Union. The Ministers agreed in May that there was no prospect of an over-all settlement with the Soviet Union. This is still the case. However opportunities to relieve tension on specific questions through negotiations with the U.S.S.R. should not be overlooked.[5]

6. Political disagreements among the free nations, particularly relating to likely areas of conflict, should be reconciled whenever, and as promptly as, possible.

7. Weak spots in the organization of the Communist world, and particularly differences between the Soviet Union and its satellites, should be exploited whenever possible.

8. The struggle for men's minds calls for intensified efforts to bring home to people in Asia and elsewhere the common interests of the free world and the growing possibility of successfully combating communist imperialism, and to convince them of the falsity of the Kremlin's championship of peace, nationalism and social reform. The activities of the Western Powers in this field should be expanded,

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[2] The second sentence of paragraph 2, which was not present in Document 4 [D–4] when it was considered by the delegations, was added by the tripartite drafting group following the fifth preliminary conversation.

[3] This sentence was added to Document 4 [D–4] following the fifth preliminary conversation.

[4] In Document 4 [D–4] this sentence read: "Aggression must be resisted with firmness and energy wherever it appears if the unity and confidence of the free world are to be maintained."

[5] The last three sentences of this paragraph were not present in Document 4 [D–4].

intensified and coordinated but not combined and should be discreet. Local [6] channels should be utilized where possible. Intensification, expansion and coordination are particularly necessary in the NAT organization, in Germany and in Asia. The three Governments should issue urgent and specific directives to the appropriate authorities.

[6] In Document 4 [D–4] the first word of this sentence was "Indigenous."

CFM Files: Lot M–88: Box 152: Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

TOP SECRET [WASHINGTON,] September 1, 1950.

Document 8 [D–6*a*]

SOUTHEAST ASIA [2]

A. AREAS OF AGREEMENT

1. *Indochina* must be regarded as the principal problem.

a. Its key strategic position and the extent of the threat to which it is at present exposed demands priority of treatment.

b. In spite of great sacrifices, French Union forces urgently need increased military assistance in the form of modern equipment to defeat Vietminh forces which are, with Chinese Communist assistance, now passing from guerrilla groups to organized divisional formations which may take the offensive during 1950.

c. The formation of expanded national armies of the three Associated States should be accelerated.

d. In spite of considerable political concessions by the French Government, the bulk of the indigenous population in Indochina continues to remain aloof. This population must be expeditiously given security and protection by further economic and military aid.[3]

e. World opinion, especially in Asia, must be made aware of the extent to which the national aspirations of Indochina have been and are being met. In the US and UK view, the concessions to be made by

[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been prepared in the preliminary talks for consideration by the Foreign Ministers.

[2] In Document 2 [D–6], submitted to the delegations on August 31, there was a preliminary paragraph which read: "Members of United States, French and British delegations discussed on August 30 the situation in Indochina and the Communist threat to Southeast Asia. Set out below are (*a*) the areas of agreement and (*b*) questions requiring Ministerial decision." (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

[3] In Document 2 [D–6] there followed at this point the following phrase: "which will permit its educated elements to take their proper share of responsibility granted by the recent constitutional changes and pave the way for further political progress."

the French Government should be of a nature to attract support for the Associated States by Asian and Western countries.[4]

f. In view of the possibility of overt aggression or intervention by the Chinese Communists, there should be urgent consultation between United States, French and UK Governments of joint action to be taken in this eventuality. In this connection, French representative requested direct U.S. tactical support by air and indicated that his Government would request from the U.S. Government the equivalent of 50,000 million francs for maintenance of French Union forces in Indochina.[5]

g. No useful purpose could now be served by discussion of Indochina in the United Nations. The French Government is opposed to mediation or any form of reference to the U.N. In the event, however, of a Chinese Communist attack, or flagrant intervention, the matter should be referred to the Security Council. In case the initiative to bring the matter before the U.N. should be taken by some other Government, the three governments will consult with a view to reaching a common position.[6]

2. *Malaya.* It is vitally important for the whole of Southeast Asia that the British efforts to defeat Communist bandits in Malaya (the Briggs Plan) should be rapidly brought to a successful conclusion.[7] The U.S. is sympathetically considering a U.K. request for economic and military assistance in the execution of the plan.

3. *Burma and Siam.* The British Commonwealth and the United States should continue, so far as possible, to supply to Burma and Siam such military equipment as may be required for the maintenance of public confidence and internal security, particularly in their border areas. Steps should also be taken by the three Governments to increase the effectiveness of Siam's participation in the Arms Smuggling Committee in Bangkok. Increased efforts should be made by the U.K. Mili-

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[4] In Document 2 [D–6] subparagraph *e* read:

"World-wide opinion, especially in Asia, must be made aware of the extent to which the aspirations of Indochina have already been met. The concessions made by the French Government should be of a type to enlist the sympathetic recognition of the Associated States by Western and Asiatic countries."

[5] In Document 2 [D–6] subparagraph *f* read:

"Chinese Communists are at present giving considerable material aid to Vietminh in terms of equipment, training and improved communications. In view of the additional possibility of direct overt aggression or intervention by the Chinese Communists, there should be urgent consultations between United States, French and British Governments of joint action to be taken in this eventuality. In this connection, French representative requested direct U.S. tactical support by air and indicated that his Government would request from the U.S. Government the equivalent of 50 billion francs for continued maintenance of French Union forces and military personnel in Indochina."

[6] In Document 2 [D–6] the first sentence of subparagraph *g* read: "No useful purpose could now be served by discussion in the United Nations of the situation in Indochina." There was no fourth sentence.

[7] The first sentence of paragraph 2 in Document 2 [D–6] read: "It was recognized as vitally important for the whole of Southeast Asia that the British efforts to defeat Communist bandits in Malaya (the Briggs Plan) should be brought to a successful conclusion as early as possible."

tary Mission in Burma to achieve closer cooperation with the Burmese military organizations. U.S. collaboration in this was offered.[8]

4. Negotiations between the Dutch Government and the Indonesian Government on the future status of New Guinea should be allowed to continue without intervention at this stage by the three Governments.[9]

5. The three Governments should also press on urgently with plans for economic aid to Southeast Asia [10] so that the peoples of Asia may realize that their welfare as well as that of the Western powers is at stake in the conflict with the Communist bloc. In the U.K. view, the economic development of South and Southeast Asia should contribute not only to the welfare of Southeast Asia but also to the balance of world trade by developing sources of raw material for the United States and Europe and so giving Europe an opportunity to earn by trade with Southeast Asia dollars spent there to buy raw materials for the U.S. and that in the short-term U.S. dollar aid is also needed in direct form to enable the necessary development work to go forward fast enough. Further, in the U.K. view, this aid should be given in an untied form so that Europe might have the opportunity to earn dollars by supplying the capital and other developmental goods on which these dollars might be spent.[11]

6. The continuing rise in population in the rice consuming countries, the fall of rice production in key exporting countries, and the denial of traditional sources of supply for Japan have all contributed to a critical situation in rice supplies. It is therefore essential that there

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[8] In Document 2 [D–6] paragraph 3 read:

"The British Commonwealth and the United States should continue, so far as their own rearmament programmes allow, to supply to Burma and Siam such arms and other military equipment as may be required for the maintenance of public confidence and internal security, particularly in their border areas. At the same time appropriate steps should be taken by the three Governments to increase the effectiveness of Siam's participation in the Arms Smuggling Committees in Bangkok. Further increased efforts should be made by the British Military Mission in Burma to effect closer cooperation with the Burmese military organizations. U.S. collaboration in this was offered."

[9] In Document 2 [D–6] this paragraph was numbered 8 and read: "Negotiations between the Dutch Government and the Indonesian Government on the future status of New Guinea should be allowed to continue. Intervention at this stage by the three Governments would not assist the solution of the problem."

[10] The initial phrasing of this paragraph, numbered 4 in Document 2 [D–6], read: "While taking steps to make Southeast Asia as secure as possible against direct or indirect aggression, the three Governments should press on urgently with plans for economic aid . . . ."

[11] In Document 2 [D–6] this last sentence was attached to the previous one as a phrase that read: "provided this aid is given in an untied form Western Europe will have the opportunity to earn dollars by themselves supplying the capital and other developmental goods on which these dollars may be spent."

should be the fullest cooperation between the Supreme Commander for the Allied Powers in Japan and the governments of rice deficit countries.[12]

7. The Western Powers should strengthen the links between Southeast Asia and the West by all possible means, such as encouraging responsible Asian nationalism, developing the highest possible level of trade, discreetly helping such international bodies as the International Confederation of Free Trades Unions to extend their influence in Southeast Asia, increasing cultural exchanges, and providing adequate information about western and world affairs.[13]

8. The three Governments should ensure that Southeast Asia be made aware, by effective propaganda, of the true nature of the communist menace in Asia. In this connection support should be given to the present non-communist government of Indonesia.[14]

B. QUESTIONS FOR MINISTERIAL CONSIDERATION

1. Time, place and level of tripartite conversations on joint action to meet the eventuality of a Chinese Communist attack on Indochina.[15]

2. Character and timing of French plans to increase national armies in the three Associated States in Indochina.[16]

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[12] This paragraph, numbered 5 in Document 2 [D–6], read as follows:

"The continuing rise in population of Southeast Asia, the fall of rice production in key exporting countries, and the denial of traditional sources of supply for Japan have all contributed to the critical situation in the rice deficit countries of Southeast Asia. It is therefore essential that there should continue to be coordination and sympathetic cooperation between the Supreme Commander for the Allied Powers in Japan and the governments of rice deficit countries."

[13] This paragraph, numbered 6 in Document 2 [D–6], read as follows:

"The Western Powers should strengthen by all possible means both great and small the links between Southeast Asia and the West. For example, by lending encouragement to responsible Asian nationalism; by developing the highest possible level of trade exchanges and by discreetly helping such approved international bodies as the International Confederation of Free Trade Unions to extend their influence in Southeast Asia; by increasing cultural exchanges between Southeast Asia and the West, and by providing sufficient accurate information about western and world affairs."

[14] This paragraph, numbered 7 in Document 2 [D–6], read as follows:

"The three Governments should continue to ensure that the governments and peoples of Southeast Asia are gradually and discreetly made aware, by effective propaganda, of the true nature of the Communist menace in Asia. In this connection support should be given to the present moderate and anti-communist government of Indonesia, whose successful example would be of value not only in Indonesia itself but throughout the whole of Southeast Asia."

[15] Following this question and numbered 2 in Document 2 [D–6] was the following question: "Character and form of representations to Siamese Government to increase the efficiency of their participation in the Bangkok Arms Smuggling Committee."

[16] Following this question and numbered 4 in Document 2 [D–6] was the following question: "Further steps to be taken to continue cooperation between SCAP and the governments of rice deficit countries."

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

TOP SECRET [WASHINGTON,] September 1, 1950.
Document 12 [D–6/1*a*]

COURSES OF ACTION IN KOREA

A. AREAS OF AGREEMENT

1. Every effort should be made to maintain the impressive degree of unanimity achieved to date among United Nations members on the Korean question.

2. U.N. forces should not be committed to proceed north of the 38th parallel without prior U.N. direction. This would not preclude tactical operations north of the 38th parallel incident to action south of the parallel.[2] Future circumstances would necessarily affect this decision, particularly the state of the North Korean forces at the time.

3. Without U.N. direction,[3] U.N. forces should not proceed north of the 38th parallel, if Soviet or Chinese Communist forces have occupied North Korea to the 38th parallel, or if major Soviet or Chinese Communist combat units have engaged or clearly indicated their intention of engaging in hostilities against U.N. forces.

4. A resolution formulating the broad objectives and intentions of the U.N. in Korea should be adopted in the General Assembly at an early date. Such resolution should emphasize the necessity of implementing previous U.N. resolutions directed to the achievement of the independence and unification of Korea.

5. A commission of representatives of senior rank, with a high percentage of Asian members, should be formed to make recommendations to the U.N. on problems relating to the establishment of an independent and unified Korea, including holding of elections.

6. U.N. forces, which should include strong Asian participation, should be retained in Korea during the period of readjustment following cessation of hostilities to prevent renewed aggression and maintain law and order.

In the U.K. view permanent occupation of North Korea by U.N. forces should not be contemplated.

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper was prepared in the preliminary talks for submission to the Foreign Ministers. It is a revision of Document 5 [D–6/1], the text of which is indicated in the following footnotes. (CFM Files : Lot M–88 : Box 152 : Documents 1–40)

[2] This sentence was not present in Document 5 [D–6/1].

[3] The phrase "Without U.N. direction" was not present in Document 5 [D–6/1].

7. Continued political and economic assistance to the Korean Government by the U.N. will be necessary.

B. QUESTIONS REQUIRING MINISTERIAL CONSIDERATION

There was a difference of opinion on the attitude to be maintained toward the government of the Republic of Korea after the cessation of hostilities. The U.S. position was stated to be continued recognition of the government of the Republic of Korea as the only lawful government in Korea, which should be consulted with respect to any long-term solution of the Korean problem. The U.S. representatives pointed out the importance of maintaining the prestige and continuity of the Republic of Korea, a U.N. sponsored nation, and pointed to the democratic aspects of its government in spite of its immaturity and inexperience. The French representatives felt that the Rhee government did not enjoy the confidence of a large majority of the South Korean people and that an attempt simply to reconstitute and re-establish that government over Korea would not meet with wide approval inside and outside Korea. The U.K. representative emphasized that Rhee's contention that his government held title to sovereignty over all of Korea could not be accepted. Therefore both delegations felt that a new situation would demand a new government and that elections on a national scale should be required.

The French representative favored a step-by-step approach to the Korean political problem, with a slow, deliberate application of formulae to allow passions to cool and to gain time for a settlement under the aegis of the U.N.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

TOP SECRET [WASHINGTON,] September 1, 1950.

Document 11 [D–6/2*a*]

FORMOSA

A. AREAS OF AGREEMENT

1. The Cairo Declaration must be taken into consideration in any study of the ultimate status of Formosa.

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been prepared in the preliminary talks for submission to the Foreign Ministers. It is a revision of Document 7 [D–6/2], not printed, the text of which is indicated in the following footnote. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

2. The problems of temporary "military neutralization" and of ultimate disposition of Formosa are distinct.

3. The charge of aggression laid by the Peiping regime, is now properly in the United Nations Security Council. The U.K. and French support the present American action in the Security Council. The long-term disposition of the question would best be handled through the United Nations General Assembly.

B. QUESTIONS REQUIRING MINISTERIAL CONSIDERATION

1. Agreement was lacking respecting the relative importance that the Cairo Declaration bore for determination of the ultimate status of Formosa. In the U.K. view the Cairo Declaration is fundamental.

2. There remained open the question of the most desirable long-term political solution for Formosa. Mention was made of various alternatives, including consolidation with the mainland, independence, and UN Trusteeship. The feasibility of a plebiscite was questioned by the U.K. and French delegations. In the U.K. view independence was irreconcilable with the Cairo Declaration and unacceptable to both Chinese parties.[2]

3. Discussion was inconclusive regarding the subject of making the "military neutralization" equally effective in its application to both Chinese parties. In the U.K. view certain actions of the National Government since June 27 were inconsistent with the President's declaration.

4. The question of whether, and how, action in the UNSC and UNGA could get sufficient support from other governments to bring about a solution led to no conclusion. In the U.K. and French views chances of success would be increased by (*a*) the issuance of a unilateral and/or multilateral statement reiterating the Cairo Declaration respecting the future of Formosa and (*b*) the implementation of the President's statement of June 27 in a manner to bring about an effective *bilateral* "military neutralization".

5. There remained open the question of the procedure and action to be adopted in the event of a Chinese Communist attack against Formosa prior to some settlement through UN action. It was suggested that the present process in the Security Council could be continued, with a new orientation.

6. The precise manner in which the matter should still be pursued in its immediate phase in the Security Council, and in its later stages in the General Assembly, remained an open problem, but with gen-

[2] In Document 7 [D–6/2] the phrase "and to the inhabitants of the island who are predominantly Chinese" was added to this sentence.

eral agreement that the matter was at present in the proper channels and that future action could be determined in the light of events.[3]

[3] A copy of SFM D–7/2*c*, dated August 28, not printed, on Formosa was sent to the Department of Defense for the comments of the Joint Chiefs of Staff. Secretary Johnson forwarded their views to Secretary Acheson as an attachment to a letter of September 11, not printed, in which the Joint Chiefs generally concurred with the Department of State's position put forth in the preliminary talks, but recommended the incorporation of the following from the military point of view:

"*a.* Any attack by Communist China upon any of its southern neighbors or upon the Republic of Korea would require the United States to reassess its objectives in Formosa and to reconsider its present prohibitions upon military activities of the Chinese Nationalists;

"*b.* Any political action taken in the United Nations with respect to Formosa should neither directly nor indirectly set up a requirement for the employment of United States military forces without preserving the right of United States decision in the light of the situation existing at the time;

"*c.* If the United Nations should call on the Chinese Communist Government and the Chinese Nationalist Government to desist from hostilities pending study of the problem of the disposition of Formosa and should request the United States to enforce the truce, the theater of the Unified Command under the Commander in Chief, Far East (CINCFE) should be extended to include the Formosan area. The Unified Command must not be restricted as to its actions in enforcing this truce; and

"*d.* The United States should not agree to any United Nations solution for Formosa which might enhance the military position of the USSR in the Far East. United States agreement to the appointment of a United Nations commission on Formosa might well be the initial step in such enhancement, since the commission must consider as one of its possible solutions the annexation of Formosa by the Chinese Communist Government. The strategic consequences of a communist-dominated Formosa would be so seriously detrimental to United States security that, in the opinion of the Joint Chiefs of Staff, the United States should not permit the disposition of Formosa to be recommended in the first instance or decided by any commission or agency of the United Nations in which the United States has no voice."

These views were generally concurred in by Johnson. (396.1–NE/9–1150 and CFM Files: Lot M–88: Box 152: SFM Documents)

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Paper Prepared by the Tripartite Drafting Group of the Preliminary Conversations of the United States, United Kingdom, and France [1]

TOP SECRET [WASHINGTON,] September 1, 1950.

Document 10 [D–7*a*]

SECURITY OF GREECE AND TURKEY

The security of the Near and Middle East and therefore the security of the West would be endangered if the Soviet Union obtained control of either Greece or Turkey.

[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been prepared in the preliminary talks for submission to the Foreign Ministers. It is a revision of Document 6 [D–7], dated August 31, the text of which is indicated in the following footnotes. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

The United Kingdom and French Governments have a treaty of alliance with Turkey. The United States and United Kingdom Governments have publicly stated and demonstrated in practice their deep interest in the integrity of Greece and Turkey.

The Soviet Union, therefore, has every reason to believe that a direct Soviet attack on Greece or Turkey would lead to general war, and that a satellite attack on either country might involve a similar risk.

The three Foreign Ministers should discuss the problem posed by the Turkish request for inclusion in the North Atlantic Treaty Organization in an endeavor to reach an agreement among themselves prior to its consideration in the NAT Council. Recommendations on this point will, if possible, be submitted to the Ministers prior to their meeting.[2]

It is believed, however, that the Ministers should also consider the broader question of Near Eastern security, of which the Turkish application is but one facet.

Other means of dealing with this problem might include the following:

(1) The establishment of a new regional pact covering some or all of the countries in this area and to which the United Kingdom, France and the United States might lend their support;

(2) The admission of Turkey and Greece to North Atlantic Treaty discussions on a consultative basis rather than as a full member;

(3) New unilateral declarations by the three governments concerning the security of certain Near Eastern states.

Some of the considerations affecting the decision as to the inclusion of Turkey in the NAT would also apply to certain of these alternatives.[3]

The admission of Turkey to the NAT would probably involve the admission of Greece also. If Turkey and Greece were admitted to the

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[2] The last sentence of the paragraph was not present in Document 6 [D–7].

[3] In Document 6 [D–7], the preceding two paragraphs starting with "It is believed" read as follows:

"Among the considerations involved in this decision, over and above the NAT considerations, would be the following:

"(1) Would the adherence of Turkey to the NAT give substance to the Soviet Government's claim that the USSR is being encircled by the West?

"(2) Would refusal of the application without some alternative form of reassurance cause the Soviet Union to believe that Western interest in Turkey had decreased?

"(3) Would inclusion in the Pact deter aggression more effectively than the existing commitments and the expressions of interest already given?

"(4) Would the psychological effect on Turkey of the rejection of its application, in the absence of an acceptable alternative, be serious?

"Possible alternatives to the inclusion of Turkey in the NAT might be:

"(1) The establishment of a new regional pact to which the United Kingdom, France and the United States might lend their support;

"(2) The admission of Turkey to North Atlantic Treaty discussions on a consultative basis rather than as a full member;

"(3) New unilateral declarations by the three governments concerning the security of Turkey. Some of the objections to the inclusion of Turkey in the NAT would also apply to certain of these alternatives."

NAT some form of reassurance might be required for Iran. If some alternative form of reassurance were adopted for Greece and Turkey, very careful consideration would have to be given to extending this reassurance to Iran, in the light of the association of this country with Greece and Turkey in public statements, and to the possible extension of this reassurance to other Middle Eastern countries also.

Irrespective of the decisions taken on the broad security problems discussed above [4] the importance of continuing and, wherever feasible, expanding the present program of the supply of military equipment to Greece and Turkey should be borne in mind. Urgent study should be given to the question of what military equipment, over and above that comprised in present programs, could and should be supplied to Greece and Turkey in case of an attack by satellite forces without overt Soviet participation.

Similarly,[5] as a further measure of protection to Greece, and in the light of the possibility of the renewal of guerrilla warfare, the French, United Kingdom and United States Delegations to the United Nations General Assembly should be instructed to support the continuation of UNSCOB in its present form.

[4] In Document 6 [D–7] the first 12 words of this paragraph were not present.
[5] The first word of this paragraph was not present in Document 6 [D–7].

396.1 NE/9–650 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, September 6, 1950—9 : 51 p. m.

467. Following is summary third meeting US, UK, French delegates on UN matters on agenda SFM meeting, Jebb, Coulson, Laskey, Campbell represented UK; Chauvel, Lacoste, Tine for French, and Hickerson, Ross, Maffitt, Allen for US :

1. Agreement reached that procedural problems in GA consideration of Korea [1] and action on Lie proposals need not be referred to

[1] Incorporated in Document 19 [D–1/2], September 6, which stated the following 3 points of agreement :

"1) The procedural problem of concurrent consideration of Korea by the SC and the GA arises because Article 12 of the Charter provides that while the SC is exercising its functions regarding a dispute the GA shall not make any recommendations with respect to it unless the SC so requests. A decision of the SC to remove an item from its agenda is not subject to the veto.

"2) During the GA the SC should continue to remain seized of the specific item of 'complaint of aggression against the Republic of Korea' and it should not request the GA to make recommendations regarding this matter. This position is subject to review should it prove necessary for the UN to take further affirmative action regarding the aggression or military operations and a Soviet veto in the SC appears likely.

"3) Since the GA will have before it the problem of 'the independence of Korea' and the report of UNCOK the GA will have wide latitude in discussing and making recommendations regarding the future of Korea." (CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40)

FM's since agreement reached by delegations, and that united action against aggression would not be ready for discussion by FM's until just before GA.

2. United action against aggression:

Jebb reported that UK Cabinet had considered US proposals on September 4 and reached following decisions, given him by phone today:

(*a*) UK cannot support proposal for convocation special emergency session GA on 24-hours notice and urges US not put forward. Believes that if necessary same result could be reached by simple amendment rules of procedure. Although UKDel has not yet been given reasoning behind decision, Jebb believes UK fearful that proposal would in practice result in enlarging GA powers by inviting and encouraging it to take action it might not otherwise take in situations where it might not be in interest western powers. Deprecates incitement to tail to wag dog.

(*b*) UK agrees second part US proposal for establishment peace reconnaisance commission, although does not see any great benefits to be derived from it. However, will continue press to maintain requirement of two-thirds majority for IC action.

(*c*) UK hopes to be able support US proposal that members survey resources and designate UN units in armed forces for UN service. This will be considered again by UK cabinet September 11.

Chauvel stated he has no instructions at all from FonOff on French position but believes it more or less similar to UK.

Hickerson expressed regret at UK position; indicated strong support for US proposals likely from other delegations and referred to great interest in US Congress for some action to strengthen UN, doubting that simple amendment rules of procedure would be adequate either to satisfy these interests or to counter radical, unwise or illegal proposals likely to be presented by others in GA. Chileans, for instance, have put in item on strengthening democracy, whatever that means. Hickerson reserved right of US to proceed with its proposals without UK or French support and, in response to question, Jebb replied that if US did so, UK might abstain but probably would not oppose.

Re previous UK suggestion for insertion in resolution of phrase to safeguard right of action under article 51, Hickerson stated we felt this not only unnecessary but definitely undesirable. In our view any express reservation of this right would tend to distort objective of resolution and make it appear that our real intention in any future crisis was to act under article 51 and not collectively through UN. UKDel seemed receptive this reasoning.

Also discussed UK desire make clear that designation UN units "to be available for prompt service on behalf of UN" did not import automatic commitment of forces on recommendation GA. Hickerson

reiterated such not intention of proposal and US could not support it if it were so construed. However, we have not been able work out any language change that did not have effect of appearing to belittle importance or effect of GA resolutions. Laskey proposed that provision read: "Each member designate within its national armed forces a UN unit or units, to be so trained and equipped that they could be made available for prompt service on behalf of UN, etc." Hickerson indicated this probably acceptable to US.

It was agreed that as soon as French and UK delegations receive further instructions they will discuss with USUN, but that since UK instructions would not be forthcoming before September 12 at earliest, matters should not be raised formally in FonMin meeting that date. It should, however, be taken up informally by FonMin's some time before GA.

3. Chinese representation:

No change in positions. French still plan abstain on seating or unseating. UK without instructions. Question to be discussed by FonMin's. In response to question from FrDel, Hickerson stated that no request for visas for Chinese Communists yet received, but we would be inclined refuse any direct request unless GA has decided seat them.

Re Credentials Committee, Hickerson indicated that on balance US would like to be member, recognizing this means Soviets will probably also want seat.

UK FonOff has suggested postponement immediate decision on seating Chinese delegation at outset since it might reveal US–UK split and set bad tone for rest of GA. UKDel disagrees on desirability or feasibility postponing such decision and continues believe matter should be disposed of promptly at beginning of session.

Re Cuban item on criteria for seating rival claimants, there was general agreement would be desirable have this matter referred to some body for study and report to next GA, since any attempt this session draw up criteria or methods would inevitably become involved in or colored by Chinese seating problem. It was general feeling that in any event, no criteria could be worked out which would offer perfect solution to similar future problems since most governments would necessarily continue make such decisions primarily on political basis.[2]

4. Lie peace proposals:

Ross held that Lie's 10-point memo need not be brought to FM's attention and this was agreed by British and French. He went on to say that he had gathered from Lie yesterday that Lie was prepared to accept any treatment of his memo considered appropriate by US

[2] For the text of the agreed paper on Chinese representation at the United Nations, see Document 13 [D–1], *infra*.

and might not even insist on a resolution. Hickerson asked if there was agreement on two main points: (1) that there be no item-by-item discussion; and (2) that the item be taken care of by a simple resolution, preferably in plenary. French and British signified assent, Coulson remarking that he was sure Lie would be pleased by amendatory resolution and that therefore memo better have such treatment.[3]

5. Spain:

Chauvel said his instructions had been to reserve position on any attempt to repeal parts of December 12, 1946 resolution. After previous tri-partite talk he had sent his FonOff careful report our two-fold objective. Since then nothing heard from FonOff. He thought probable outcome would be at least French abstention if something like US ideas was presented. Coulson had no instructions since Bevin was reserving this for discussion with FM's. USUN outlined situation created by Peruvian-Bolivian draft and indicated strategy at moment seemed to be to let LA's take lead in evolving middle-road resolution. Consultations with some LA's indicated they felt resolution along lines US wishes would be most likely fill bill.[4]

AUSTIN

[3] The points of agreement on the Lie proposal, set forth in Document 20 [D–1/3], read as follows:

"1. The General Assembly should avoid detailed or separate consideration of the various proposals in the Lie Twenty Year Peace Plan and should confine itself to a general resolution, passed preferably in plenary without reference to committee, commending the Secretary-General for his initiative, expressing our support of his basic objective of reducing international tension through adherence to the Charter and use of United Nations resources, and requesting the Assembly's committees to take his proposals into account in their discussions.

"2. The US, UK and France should organize a concerted effort by all friendly delegations to expose the hollowness of any Soviet 'peace proposal' made to the Assembly and to 'blanket' the Soviet spokesmen in the Assembly debate by coordinating the time presentation and the content of friendly statements." (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

[4] For text of the agreed paper concerning the draft resolution on Spain, see Document 14 [D–1/1], p. 1185.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Paper Agreed Upon by the French, United Kingdom, and United States Delegations to the United Nations [1]

SECRET NEW YORK, September 6, 1950.

Document 13 [D–1] [2]

CHINESE REPRESENTATION IN THE UNITED NATIONS

Subject to further instructions, the following points have been agreed upon in discussions with members of the French, United King-

[1] Attached to the source text was a cover sheet, dated September 7, not printed.

[2] The bracketed series indicators on this and the following document are in the source text.

dom and United States Delegations to the United Nations held in New York August 28 and September 6:

1. It would be desirable for this question to be settled promptly at the opening of the General Assembly in plenary session.
2. However, reference of the problem to the Credentials Committee should not be opposed.
3. The composition of the Credentials Committee is important. In the U.S. view, since 16 of the 59 members of the UN have recognized the Communist regime, the Committee, reflecting a similar proportion, should consist of three states which have recognized that regime and six states which have not.
4. It would create confusion and delay for the decision on seating Chinese representatives at the General Assembly to be postponed pending study and action on the separate agenda item regarding the criteria to be followed by the UN in seating rival claimant governments.

Questions for Consideration by the Foreign Ministers

No effort was made in the preliminary discussions to reach agreement as to which representative should be seated. The U.S. stated its firm opposition to seating the Communists while the Korean aggression continues and its intention to seek to persuade others to adopt a similar view. The French Delegation stated that in the present state of its instructions it would abstain both on unseating the National representatives and seating the Communist representatives. The U.K. Delegation reserved its position.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Paper Agreed Upon by the French, United Kingdom, and United States Delegations to the United Nations [1]

SECRET

NEW YORK, September 6, 1950.

Document 14 [D–1/1]

POSITION CONCERNING DRAFT RESOLUTION ON SPAIN

In preliminary discussions with the U.K., French and U.S. Delegations in New York on August 25 and September 6 it was agreed that

1. The three Governments would not support a resolution in the GA which would imply approval of the present Spanish Government or repeal in its entirety the 1946 Resolution of the GA which recommended recall of ambassadors, barred Spain from the Specialized Agencies and other UN activities, and referred to the origin and character of the Spanish Government and to possible future SC action.

[1] Attached to the source text was a cover sheet, not printed, dated September 7.

2. The draft resolution proposed by Peru and Bolivia is likewise unacceptable.

Question for Discussion by the Foreign Ministers

The U.S. indicated its intention to support an amendment to the 1946 Resolution which would revoke the two recommendations that members recall their Ambassadors and that Spain be barred from membership in the Specialized Agencies. The U.K. and French Delegations reserved their positions.

396.1 NE/9–1150 : Telegram

The Chargé in the United Kingdom (Holmes) to the Acting Secretary of State

TOP SECRET PRIORITY LONDON, September 11, 1950—noon.

1511. 1. From unimpeachable source we have obtained a picture of Cabinet attitudes toward certain of the issues to be discussed in forthcoming Foreign Ministers' talks. Department may find this useful as background information but fact we have this information must not be revealed.

2. Seating Communist China: Cabinet took the position that Bevin should make strong representations to US regarding the immediate admission of Communist China to UN. Bevin himself holds this view, and was not discouraged by Foreign Office. Only two Cabinet Ministers, as far as we know opposed this course, McNeil and Shawcross.[1]

3. Following is what lies behind Cabinet decision: Far Eastern situation is dangerously explosive and a general war could easily develop. The major danger is that China might openly intervene in Korea, or make a move towards Formosa. A secondary source of danger lies in state of aroused US public opinion, and unpredictability of MacArthur's actions. Cabinet confident US administration wants to keep Korea localized affair, but there is anxiety as to ability of US administration withstand public pressure or to control MacArthur.

4. For these reasons Cabinet thinks some action immediately needed to relieve tension in Far East. It believes that seating China will achieve this, because it is likely to deter Chinese Communists from

[1] Hector McNeil, Secretary of State for the Colonies; Sir Hartley W. Shawcross, Attorney General.

making precipitate move against Korea or Formosa. Cabinet also thinks seating Chinese will in long run encourage China to act independently of Russia, whereas keeping China out forces her into position of complete dependence.

5. To what extent Cabinet attitude is influenced by its original reason for recognizing China and seating her, namely desire to save some of her investment and trade plus Hong Kong, we cannot say. Our source informed us that this did not figure in the Cabinet discussions.

6. Ministers who opposed foregoing line of reasoning did so not because they were in disagreement with the reasoning, but because they approached problem from a different vantage. They argued that US would not agree to seating Communist China at this time, and it was imperative that there be no open split between US and UK. They urged Cabinet majority to defer China matter at least until after November for if China were seated in UN over US objections it would embarrass administration, might seriously affect outcome of November elections, and might produce serious division in US over foreign policy.

7. Germany: The Cabinet is prepared to go very far and move rapidly with respect to arming German police and raising German military formations within framework of an allied army. Only two Ministers held out on this, one of whom was Dalton,[2] who is emotionally anti-Germany. In our opinion, Bevin can be pressed very hard on this point.

8. Bevin's frame-of-mind: Bevin is convinced that US and UN resistance in Korea has left a deep impression on the Kremlin and that Stalin knows now that the period of expansion without risk of a general war is over. Some others share this view. Bevin therefore thinks that the moment is ripe or soon will be for a *détente*. He sees himself as almost at the end of his career and life, and he is dramatizing the possibility that he, as his final act, can engineer a settlement with Russia, that will bring peace.

9. We do not think Bevin will make any dramatic public move that could be interpreted as appeasement. Bevin is too shrewd for that. But we suspect that Bevin's judgment may be colored by his dream as peace maker. It may, for example, explain why Bevin will press hard for UN recognition of Communist China.

HOLMES

[2] Hugh Dalton, Minister of Town and Country Planning.

PROCEEDINGS OF THE MEETINGS: RECORDS AND REPORTS

Editorial Note

PRINCIPAL MEMBERS OF THE DELEGATIONS TO THE MEETINGS OF THE UNITED STATES, UNITED KINGDOM, AND FRENCH FOREIGN MINISTERS, NEW YORK, SEPTEMBER 12–14 AND 18–19, 1950 [1]

UNITED STATES DELEGATION

Dean Acheson, Secretary of State
Lucius D. Battle, Special Assistant to the Secretary of State
Henry A. Byroade, Director of the Bureau of German Affairs
Philip C. Jessup, Ambassador at Large
John J. McCloy, High Commissioner for Germany
George C. McGhee, Assistant Secretary of State for Near Eastern, South Asian and African Affairs
Paul Nitze, Director of the Policy Planning Staff
George W. Perkins, Assistant Secretary of State for European Affairs
Dean Rusk, Assistant Secretary of State for Far Eastern Affairs
Charles M. Spofford, Deputy Representative to the North Atlantic Council

UNITED KINGDOM DELEGATION

Ernest Bevin, Secretary of State for Foreign Affairs
William D. Allen, Head of the German Political Department, Foreign Office
Roderick E. Barclay, Private Secretary to Mr. Bevin
Sir Maberly E. Dening, Assistant Under-Secretary of State
Sir Pierson Dixon, Deputy Under-Secretary of State
Air Marshal Sir William Elliott, Chief Staff Officer of the Ministry of Defence
Sir Oliver Franks, Ambassador to the United States
Sir Frederick R. H. Hoyer Millar, Deputy Representative to the North Atlantic Council
Sir Gladwyn Jebb, Permanent Representative to the United Nations
Sir Ivone Kirkpatrick, High Commissioner for Germany
Sir Leslie Rowan, Minister, Head of Treasury and Supply Delegation, Embassy in the United States

FRENCH DELEGATION

Robert Schuman, Minister for Foreign Affairs
Hervé Alphand, Deputy Representative to the North Atlantic Council

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[1] This list was compiled from materials in the files of the Department of State, particularly Document 18 (Revised), September 13, 1950, not printed (CFM Files, Lot M–88, Box 152, File—SFM Documents). For the complete list of the United States Delegation, see *Participation of the United States Government in International Conferences, July 1, 1950–June 30, 1951* (Washington, Government Printing Office, 1952), p. 3.

Henri Bonnet, Ambassador to the United States
Jacques Bourbon-Busset, Deputy Director of Cabinet, Ministry of Foreign Affairs
Jean Chauvel, Representative on the United Nations Security Council
Christian Jacquin de Margerie, Counselor of Embassy, Washington
Roland Jacquin de Margerie, Deputy Director General for Political Affairs, Ministry of Foreign Affairs
Guy Le Roy de la Tournelle, Director General for Political Affairs, Ministry of Foreign Affairs
André François-Poncet, High Commissioner for Germany

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Agenda of the Meetings of the Foreign Ministers of the United States, United Kingdom, and France

SECRET

New York, September 12, 1950.

Document 1 (Revised)[1]

I—North Atlantic Treaty Questions.
A. European Defense Force.
B. Financial Questions.

II—German Problems.
A. Internal Security.
B. Report of the Intergovernmental Study Group.
C. Berlin.
D. Miscellaneous Problems.
E. Communiqué.

III—Consideration of the security problem in the Near East with particular reference to Greece and Turkey (including the Turkish request for participation in the North Atlantic Treaty).

IV—Exchange of views on policy toward the Soviet Union in light of recent developments.

V—Consideration of Western European Problems.
A. East–West Trade.
B. Economic assistance to Yugoslavia.
C. Report of Tripartite Experts on European Migration.

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[1] The only difference between Document 1 and Document 1 (Revised) is that the latter bears the parenthetical phrase at the top of the agenda "(Approved at the First Meeting, Tuesday, September 12, 3 : 00 p. m.)."

VI—Consideration of United Nations Problems within the context of recent events.

A. The strengthening of United Nations procedures for dealing with aggression.

B. Position concerning draft resolution on Spain.

VII—Consideration of Far Eastern Problems.

A. Policy toward Southeast Asia, particularly Indochina.

B. Korea.

C. Formosa.

D. Chinese representation in the United Nations.

VIII—Communiqué.

Editorial Note

The United States Delegation to the meetings of the American, British, and French Foreign Ministers in New York in September 1950 prepared minutes of each of the six meetings of the Foreign Ministers. The texts of these minutes are printed in the pages that follow. The Delegation also prepared a summary record of each meeting and maintained a collection of formal and draft papers prepared in connection with the meetings. Reports on the transactions of the meetings, the texts of documents considered during the meetings, and the Secretary of State's comments on the proceedings were transmitted to the Department of State in Washington in a special telegram series designated Secto. On a few occasions matters relating to the meetings in New York were also mentioned in the special Actel telegram series used by the Secretary of State. Matters of relevance to the meetings of the Foreign Ministers in New York were reported upon by the Department of State in the special telegram series designated Tosec, and a daily top secret summary of events and messages of personal importance to the Secretary of State were transmitted to New York in the special telegram series designated Telac. A substantial portion of the telegrams exchanged between the Department of State and the Delegation in New York together with some position papers prepared for use in connection with the meetings are included in the central files of the Department of State in files 396.1 NE and 740.5. The complete collections of telegrams, position papers, Delegation minutes, summary records of meetings, and documents prepared during the meetings are included in the special file identified here as CFM Files, Lot M–88, Boxes 152 and 153.

CFM Files : Lot M–88 : Box 152 : File—SFM Meeting Minutes

United States Delegation Minutes, First Meeting of the Foreign Ministers, New York, Waldorf Astoria, September 12, 1950, 3 p. m.

SECRET
SFM Min–1

MEMBERS

Mr. Acheson (US)
M. Schuman (Fr)
Mr. Bevin (UK)

ALSO PRESENT

US	FRANCE	UK
Philip C. Jessup	Henri Bonnet	Sir Oliver Franks
George W. Perkins	M. François-Poncet	Sir Ivone Kirkpatrick
Charles S. Spofford	Hervé Alphand	Sir Leslie Rowan
John J. McCloy	M. de Margerie	Sir Pierson Dixon

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Procedure
European Defense

Procedural

MR. ACHESON called the meeting to order at 3 : 20 p. m. by extending official welcome to Mr. Bevin and Mr. Schuman and by expressing on behalf of the other ministers the sadness that they all felt at the death of General Smuts on the eve of these discussions.

He said he wanted to take up very briefly some procedural questions, and the Ministers thereupon agreed that there would be no verbatim minutes of the meetings, that translation would be employed whenever convenient to the Ministers, and that at the end of each meeting the Ministers would agree on what could be mentioned to the press, but that no formal communiqué would be issued until the end of the meetings.

Mr. Acheson also referred to the draft agenda (Int. Doc. No. 1[1]), and this was agreed to. Mr. Acheson stated that the question of economic assistance to Yugoslavia had been added primarily as a result of recent reports of drought conditions in that country, with the view that the Ministers might wish to exchange comments on this question.

The meeting thereupon adjourned at 3 : 25 into a private meeting of the three Ministers and their secretaries.[2]

The private meeting adjourned at 4 : 50 p. m.

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[1] Not printed, but see Document 1 (Revised), p. 1189, and footnote 1 thereto.
[2] For the minutes of the private meeting referred to here, see *infra*.

European Defense

Mr. Acheson reopened the meeting at 5:15, by stating that what had taken place so far during the day had largely been in the form of an exchange of views on the part of the three representatives on the question of European defense forces and that he felt the most useful way to proceed would be for him to summarize these discussions.

The discussions had revolved around views which had developed within the US Government concerning the defense of Western Europe, initiated largely in response to memoranda submitted by the British and French governments during recent months which had raised broad questions in this regard. The United States was now prepared to join with Europe as a partner in the defense of Western Europe, and the questions raised with reference to this could be summarized under the following headings:

(1) The US would join in creating forces in Europe adequate for the defense of Europe contingent only on the condition that these forces would be so planned and created that they would be able to meet the task. The US would put into Western Europe at the earliest date substantial forces to become a part of the total new defense establishment. It was not possible to set a specific date or number pending the end of hostilities in Korea; while the end of the Korean hostilities was not a condition to our action, the successful outcome of that engagement would contribute to the speed of our activities. Mr. Schuman and Mr. Bevin had both expressed their gratification over this US position. Mr. Bevin had pointed out in connection with these new forces that it was important to be careful about terminology; we should think not of a European Army but rather of forces for freedom located in Europe.

(2) The creation of this new force would require unity of staff and unity of command. These are problems which require direction from the Foreign Ministers or from NATO. An international staff, with a chief of staff having certain defined powers, should be created at the very beginning. Inherent in this arrangement was the command authority, and when the forces have been created and are operating a supreme commander should be appointed with agreed powers. Exact questions of the composition, size, and organization of these forces were military matters to be worked out by the military authorities.

(3) Another broad question had to do with supply matters dealing with this force, and the US view included the possibility of reorganizing the Military Production and Supply Board of NATO into a body meeting on a continuous basis with supervisory powers over production, allocation, etc. Mr. Bevin had stressed in particular the importance of moving forward as rapidly as possible with increased military production.

(4) The next main question to be considered dealt with finance, and on this US thinking was not so far advanced as it was on other questions. Mr. Bevin had stressed the close connection between finance and supply. It had been agreed that a sub-committee consisting of

Mr. Nitze, Mr. Alphand, and Ambassador Franks would meet to explore further questions in the financial category.

Mr. Acheson said that some of the immediate issues to be considered included the following:

(1) To agree on high priority production goals, including the role of the US;
(2) To agree on immediate (1951) production goals for European countries, including in particular the roles of France and the UK;
(3) To work out long term goals. On this question Mr. Schuman was eager to begin discussions as soon as possible along the lines of the proposals made earlier by France,[3] although his Government was willing to consider any proposals which might be made;
(4) To work immediately toward the identification of the issues in order to be clear by the end of the month, when the Ministers might be leaving New York, on an exact program which they could refer back to their governments.

Beyond this, Mr. Acheson said the defense of Europe led naturally to the question of the role of Germany. Any really valid plan for the defense of Western Europe had to be one which encompassed the maintenance of the western position in Germany, and therefore the defense of Western Europe should be established as far east as possible. This created various difficulties. One idea advanced had concerned the incorporation of German units into the new European force, integrated into the forces but dependent upon ordnance supplies from sources external to Germany. This question had led to a searching discussion by Bevin and Schuman on what our objectives were, how we should handle the Germans, avoid bargaining, etc. It was Mr. Bevin's view that the High Commissioners should meet to review the question and its effect upon Germany. He personally favored going ahead with the strengthening of the German police, since that was a matter raised by the Germans and not a request we were making of them. Mr. Schuman had pointed out that whatever was done about German militarism must be done as part of the discussions of the whole German question. Mr. Bevin said that we should keep in mind the long range task of bringing Germany into the community of Europe permanently and not just temporarily.

Mr. Acheson said that in listening to the discussion he had come to the conclusion that it would be helpful to separate the further discussions under separate but related points:

(1) First of all the Ministers should agree on the wisest way of dealing with the German problem.

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[3] Presumably another reference to the French memorandum of August 17, see p. 220.

(2) They should next consider the question of how to handle their associates in Europe on this question.

(3) In the light of this they should determine how we are going to develop and handle the public attitude.

He then asked the Ministers how they wished to proceed.

Mr. Bevin said he would like to get down to actual studies right away. The question of finance had already been referred to a working group and he would like to see the other questions referred to practical working parties.

Mr. Schuman said that he was quite happy to have work started immediately on the financial question. He felt, however, that the high priority production program must be studied urgently, and the French Government insisted that the financing of the first orders under this program must be settled immediately. He said these questions were now in the hands of the deputies and he did not wish them to be taken away.[4] He would, however, like to have another question unofficially taken up by the Deputies concerning the supply, financing, and prices of raw materials. The French faced a particularly difficult problem in this regard which was not only leading to inflation but was contributing substantially to an increase in defense costs.

Mr. Schuman agreed with Mr. Bevin that Germany was not strictly a European problem but was of interest to the North Atlantic community. Germany could not be expected to contribute to European defense to the same extent as an NAT country since it is not a signatory of the Pact. However, he agreed with Mr. Bevin that it was unreasonable for Germany to request help without contributing to the defense of Europe. After five years in Germany the Allied forces should no longer be responsible for the maintenance of internal order and consequently he agreed that the German police force should be increased, without however affording the Germans the possibility of using their power against France. He emphasized that Germany should not be permitted to rebuild a professional army from the police force nucleus and therefore it should neither be too centralized nor too numerous. He was willing to modify the ceiling figure of 10,000 which the French had previously mentioned.

Mr. Schuman was favorably disposed toward consultation with Benelux providing the discussions would be entirely confidential. It would not be advisable to take the other NAT countries into confidence at this time due to the likelihood of leakage.

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[4] For documentation on NATO Council Deputies' consideration of the high priority production program and related questions, see pp. 285 ff.

In considering the creation of a German defense force and its participation in the defense of Europe, Mr. Schuman felt that German public opinion could not be neglected, as Mr. Bevin had shown. It would be desirable to have the judgment of the High Commissioners as to German thinking on the subject of German participation in European defense.

Mr. Acheson suggested that it might be worth going back a little since the Ministers had begun by discussing the need for reaching agreement on the question of European defense and transmitting their common view to the NAT Council. The first question is the composition of forces. The second is their distribution. In order to move ahead it might be useful for the NAT Deputies to produce a draft resolution for the Council. The resolution should instruct the Defense Ministers to report about the Medium Term Plan [5] and should advise them as to what is specifically desired in the program for European defense; namely, composition and distribution of forces.

Mr. Bevin said that while he understood that the Medium Term Plan is designed to provide for the needs of 1954, he was concerned about the possibility of being in trouble before that time. The problem should be looked at realistically in terms of what we might have to face. There should be clarification of such questions as the number of U.S. troops to be placed in Europe and in England, the number of other forces available for immediate use, and also the production necessary to equip these troops. There should be synchronization of the number of troops and the production of the military equipment they will need.

Mr. Schuman pointed out that the first action in the North Atlantic Council meetings scheduled for Friday and Saturday will be consideration of the report of the Deputies.[6] The three powers assembled will certainly agree to this report. Before reaching a conclusion about the composition and distribution of armed forces, however, the opinion of the Standing Group should be sought. It is easy for the United States, United Kingdom and France to agree with the conclusion of the Standing Group but will it be more difficult for the other members of the Council who are not represented on the Standing Group.

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[5] For documentation on the NATO Medium Term Plan, see pp. 85 ff.

[6] For documentation on the North Atlantic Council meetings, September 15–16, see pp. 305 ff. Among the documents prepared in the Department of State for the Foreign Ministers' meeting was SFM D–3*a*, September 11, not printed, "Summary of French Proposals With Respect to NATO and US Position Upon Them," containing material on the French memorandum of August 17 and United States financial aid to the European defense effort. (CFM Files: Lot M–88: Box 152: SFM Documents) For further documentation on these subjects, see pp. 1 ff.

Mr. Acheson replied that the comments of Mr. Bevin and Mr. Schuman were very pertinent. The comments of the Standing Group regarding the number of troops to be raised by July 1951 is expected to reach the Meeting tomorrow or at least before final adjournment.

Mr. Acheson re-emphasized his view as to the desirability of a draft resolution by the Deputies whose conclusion would be that the report of the Standing Group should be considered acceptable as the Medium Term Plan and the agreed common goal for 1954. The Resolution might also recommend that the Governments accept the Medium Term Plan as the common goal. The Standing Group would then be free to consider other questions and the Ministers might consider what questions they should like to put before the Standing Group. They might be asked, for example, to report about the forces which should be created prior to July 1952. At any rate, the first objective is to set the goal. Then we can plan how the goal is to be achieved.

Mr. Bevin reiterated his concern about what may happen prior to the fulfillment of the Medium Term Plan in 1954 and stressed the necessity for linking troop and equipment increases. He understood that the question of sending increased United States troops to Europe was conditioned by the Korean war.

Mr. Acheson made it clear that the question of putting troops in Europe did not depend on the Korean war, but the Korean war would affect only the speed with which troops could be sent to Europe. The United States has decided to increase the number of troops in Europe and will get on with the job urgently. Of course it would be easier without the Korean problem.

Mr. Acheson asked whether the Deputies might now consider the question of drafting a resolution about advance acceptance of the Medium Term Plan.

Mr. Schuman said that it was very important to have a Council decision regarding the immediate priority program.

In reply to a remark by Mr. Bevin that there would almost certainly be leakage that defense plans were being drawn for 1954 and that he felt such a decision would be difficult to defend, Mr. Acheson reiterated his views regarding advance acceptance of the Medium Term Plan. He recalled that the Council had approved a version of the Medium Term Plan in May but had asked the Standing Group to do more work on it as it was not good enough.[7] The Standing Group

[7] Regarding the North Atlantic Council's consideration of the Medium Term Plan at its fourth session in London, May 15–18, see p. 100.

is expected to bring in a report in October. It would be desirable for the Deputies to draft a resolution for the Council instructing the Defense Ministers to report a Medium Term Plan acceptable as a common goal and as a base for planning. This suggestion was agreed to.

Mr. Acheson suggested that the Defense Ministers might also be instructed to direct the Standing Group to report about the forces to be raised by July 1951 and perhaps also the forces to be raised by July 1952. The Deputies might consider a resolution for the Council recommending that the governments adopt the Standing Group report on the Medium Term Plan, the 1951 goals, and perhaps the 1952 objectives. These suggestions were being submitted for the consideration of the Ministers. It was also suggested that the Deputies consider drafting a resolution providing for a combined staff and recommendations as to its functions.

Mr. Bevin agreed with the last suggestion. He stated that in his opinion the question of numbers of troops, equipment, and joint command should all be considered together.

Mr. Acheson suggested that the Deputies draw up a resolution which would set up a revised Military Production and Supply Board.

Mr. Bevin requested that this question be deferred until the following day since he expected to receive further information from his government.

Mr. Acheson agreed. He suggested that the High Commissioners meet tonight and report tomorrow to the Ministers about the probable reaction of the German people to participation of German armed forces in European defense. Mr. Bevin mentioned that they might also consider the role of Germany in the defense of Western Europe. These suggestions were accepted.

Mr. Schuman suggested that the Deputies study the question of raw materials which the French Government had raised previously.

Although Mr. Acheson agreed, Mr. Bevin asked that the matter be deferred for a day or two since his government was studying problems related to rubber, tin, wool, etc., and he expected further information. This matter was accordingly deferred.

At Mr. Acheson's suggestion it was agreed that the press should be informed that the day's discussion was related to European problems, that there had been an exchange of views, and that subcommittees had been appointed which would report subsequently to the Ministers.

It was agreed the next meeting would be at 10:30 a. m., Wednesday, September 13th. The meeting adjourned forthwith at 6:54 p. m.

CFM Files : Lot M–88 : Box 152 : File—SFM Meeting Minutes

United States Minutes, Private Meeting of the Foreign Ministers, New York, September 12, 1950 [1]

TOP SECRET

Present:

Mr. Bevin	Mr. Schuman	Mr. Acheson
Mr. Barclay	Mr. Bourbon-Busset	Mr. Battle
		US Interpreter

Mr. Acheson opened the meeting by saying the United States had been working very hard since last August on the French memorandum and messages from Mr. Bevin on the same subjects.[2] He said we had been trying to get coordinated US Governmental views on the questions raised by the French and the British. He said we had come to decisions on the principal points except for the financial ones.

Mr. Acheson said that the President had agreed to an increase in forces in being on the continent of Europe. He said this had been carefully considered and was based on the assumption we could work out an effective plan for defense of the European continent. He said the Korean war might have some effect on the dates that further US troops would be available, but that we expected to move as rapidly as possible.

The Secretary said we had considered how we draw the western forces together and had concluded that we should create an international staff and eventually appoint a Supreme Commander when the staff had begun to function effectively and there was in being something for a Supreme Commander to command. He said that we hoped the staff would serve under a chief of staff and would have some delegated authority and would not be confined to mere planning functions. He said the Supreme Commander would be an outgrowth of this and its powers would have to be worked out. He said that the chief of staff would not necessarily become the Supreme Commander, in our opinion, but this might be a development if the powers were satisfied with the functioning of the Chief of Staff.

The Secretary said we had also considered the supply and production problems and that we thought the French memorandum was right

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[1] This private meeting was held during an adjournment in the first meeting of the Foreign Ministers on September 12; for the minutes of that meeting, see *supra*. The minutes printed here were prepared by Special Assistant Battle.

[2] For the text of the French memorandum of August 17 and the Bevin messages under reference here, see pp. 220 ff.

in suggesting that there be more central direction of the supply effort. He said that we proposed that the military production and supply board become a full time body with executive functions and would coordinate production in Europe.

In the field of finance, the Secretary said that we had not progressed this far. He said that as we saw it, there are three general stages: First, we should get the high priority production program going with as much speed as possible. Second, we should consider the long range problem of eventual arrangements for dealing with financial matters. We do not want study of this problem to delay us on our consideration of the immediate problem. Thirdly, the more immediate problem is to get together the representatives of the US, UK and France and see what problems we will face for the next two or three years and particularly in 1951. After we had gone into this, US officials could then get together for such help and authority as was needed. The Secretary said we had asked Mr. Nitze to meet with the designated representatives of the French and British and that he hoped we would know by tomorrow a little more about how we proceed. He then said that we would get the necessary people from Washington to come here to discuss the problem.

The Secretary said that in trying to determine what was necessary for the defense of Western Europe we come to the troublesome problem of Germany. If Germany were not defended, the USSR would gain a tremendous advantage. If it were defended, we wondered if it could be done without German help. The Secretary said that it seemed unreasonable to us to defend all of Germany without getting assistance from Germany. He said that our preference was for German units to serve in a European defense force rather than to create a German police force. He said that consideration of this problem was necessary.

Mr. Acheson said that we had US Government agreement on the broad programs he had discussed and had wide public support for them.

Mr. Schuman expressed pleasure at the US agreement on most points of the French memorandum and particularly in regard to the increase of US forces and the creation of the collective authority command staff, combined command, etc. He said that he was in favor of reorganizing bodies of the NATO and particularly the military production and supply board. Mr. Schuman said that two points must be carefully considered: The high priority production program

must be begun as soon as possible, but we must not wait too long to discuss a final system for the financial arrangements. He said that both were extremely urgent. Mr. Schuman then pointed to the French proposal contained in the French memorandum for what he called an early solution to the point of a long range solution. He said he realized there would be alternate proposals and he would be glad to discuss any others. Regarding the participation of Germany in the defense effort, Mr. Schuman said it would seem illogical for us to defend Western Europe, including Germany, without contributions from Germany. He said that there was a serious psychological problem in France, however, and that it would create serious difficulties if we force the French to take a position too early. He said that the French felt that there were limited resources available for common defense. In their opinion, these resources must be distributed between the NAT countries. Only when a minimum level is reached in these countries would it be easy for the French to take a definite position on the matter. When the combined staff and the Supreme Commander has been created the difficulty will be much lessened for the French and the Government might be in a position to consider the German matter on a different basis.

Mr. Schuman urged that the other Foreign Ministers be patient on this matter.

Mr. Bevin said that he thought care should be used in the phraseology of some of our proposals. He said that he did not like the use of the word "European" in regard to our defense force plan. He pointed out that the United States and Canada would be participating. He said that what we are trying to do is defend the free world in Europe rather than merely defending Europe. He suggested a broad concept and as comprehensive terminology as possible.

Regarding the combined command, Mr. Bevin said he was ready to discuss any plan the Combined Chiefs put up. He said that he was anxious to develop organization at the top. He also said he thought we should move toward the organization as soon as possible.

Mr. Bevin said the main concern of the UK was production and that the UK was somewhat uneasy at the way this problem was moving. He said the financial side must be settled or we would check the momentum of the production effort. He pointed out that troops could not be trained without equipment.

In regard to the financial problems, he said that many of the problems could be solved by bilateral discussion. He then indicated general concurrence with Secretary Acheson's proposal for getting UK,

French and US representatives to go to work on the general outline of the problem.

Mr. Acheson related to the other Foreign Ministers that all we could do would be to work out a program which satisfied the Executive Branch and then go to the Congress with it. We could not, of course, assure what Congress would do.

Regarding the German problem, Mr. Bevin said that the UK took the view that we must be careful not to put the Germans in a bargaining position, which would make the situation very difficult. He said that he thought we should get the High Commissioners to give us their estimates of the reactions of the Germans if we should approach them and ask for German units for a defense force. He said that he doubted that the Germans would go along, and thought a refusal on their part would make the Western powers look foolish. He said he had great doubt as to the response the proposal would get in Germany and said the UK favored a more cautious course of supporting the German police.[3] He said the UK thought it preferable to give the Germans what they asked for rather than ask them for something. Mr. Bevin said further that he believed we should approach the problem with regard to the broader problem of Germany rather than looking at it from a strictly military standpoint. He mentioned again the fear in the UK of a German resurgence to power. He said that the UK was willing to examine the matter with the best people available to determine how best to proceed to decide how Germany should be brought in. He said that he did not think we should let it interfere with our own defense effort. Mr. Bevin mentioned that internal disorders would be a serious factor militarily and that this supported the UK position in favor of increasing the police force. He suggested also that we must remember that we want to work out an arrangement for Germany to become permanently associated with the community of nations and not simply approach the problem from the standpoint of the present emergency. He also asked if it would not be well to take the Benelux countries into confidence on what was decided on the problem. He mentioned their great concern as close neighbors of Germany.[4]

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[3] Documentation on proposals for a German Federal police force is scheduled for publication in volume IV.

[4] Secretary Acheson had met individually with Schuman and Bevin, accompanied by Franks, at 10:45 a. m. and 12:15 p. m., respectively, before the first meeting. In addition to discussing NATO with each of them along the lines indicated in this tripartite meeting, Secretary Acheson had briefly examined Indochina with Schuman and the United Kingdom's financial position with Bevin. For memoranda of these conversations, see pp. 293 and 285, respectively.

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United States Delegation Minutes, Second Meeting of the Foreign Ministers, New York, Waldorf Astoria, September 13, 1950, 10 : 30 a. m.

SECRET
SFM Min–2

MEMBERS

Mr. Acheson (US)
M. Schuman (Fr)
Mr. Bevin (UK)

ALSO PRESENT

US	FRANCE	UK
Philip C. Jessup	Henri Bonnet	Sir Ivone Kirkpatrick
John J. McCloy	M. François-Poncet	Sir Pierson Dixon
Charles S. Spofford	Hervé Alphand	Sir Oliver Franks
George W. Perkins	M. de la Tournelle	Sir William Elliott

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MR. ACHESON opened the meeting by stating that, in response to the requests made of the NAT Deputies and of the High Commissioners in the first meeting, three papers had been prepared for the Ministers. He suggested that the two papers from the NAT Deputies, the draft resolution on the Medium Term Defense Plan (Int. Doc. No. 22 [1]) and the draft resolution on the forces for defense of freedom in Europe (Int. Doc. No. 24 [2]), be studied by the respective delegations and comments made directly to the Deputies, unless there were major disagreements which the Ministers wished to discuss at this meeting. On the paper summarizing the views of the High Commissioners (Int. Doc. 23 [3]), which had been submitted to the Ministers as a unanimous report, it might be profitable to take up point by point the recommendations made under paragraph 5.

[1] Dated September 13, p. 1277.
[2] Dated September 13, p. 1280.
[3] Dated September 13, p. 1278.

(*a*) *Increase of the strength of the Allied troops in the Federal Republic.*

Mr. Schuman stated that this was an important problem and one that raised a related problem which he wished to mention. The Western occupation troops were still located in their respective zones. This meant that French troops could not be used along the eastern frontier, where they might be needed most. It seemed desirable, in approaching the present emergency problems, to do away with zonal boundaries and view the occupation of Germany as a common problem.

Mr. Bevin agreed that it was desirable to consider this question of zones in the light of requirements of the common defense effort. He had reached no final conclusions on this question, but his preliminary view was that it might be desirable to retain the present zones in a civil sense, but to work out a method of breaking down zonal barriers in terms of defense questions. The complete elimination of zonal boundaries might well create too much confusion and the necessity for working out an entirely new mechanism. He felt this should be avoided, although he agreed with Mr. Schuman's point on the use of occupation troops.

Mr. Schuman stated that he had only wished to raise the necessity for re-examining the question of zonal boundaries with reference to military questions. He agreed with Mr. Bevin and had no desire to alter the boundaries from the standpoint of civil administration.

Mr. Acheson said he was in agreement with the desirability of making this examination and the Ministers accepted. Mr. Bevin's suggestion that the High Commissioners be asked to make a preliminary survey immediately, although any definitive study would have to await their consultation with the military advisers.

(*b*) *Renew the declaration of the Allied intention to protect the Federal Republic and Berlin from aggression from any quarter.*

The Ministers agreed to this recommendation and accepted Mr. Schuman's statement that, when this declaration is renewed, it is understood to include all possible aggression, including possible action by police units of Eastern Germany.

(*c*) *Take visible steps to organize the equipment, financing and command of a unified military force to defend Europe. These measures would be designed to prove to the German people that Europe, including Germany, can and will be effectively defended and so encourage the Germans to join in the effort.*

The Ministers accepted this recommendation, taking note of Mr. Bevin's comment that, while he approved this statement in principle,

it was necessary to coordinate this recommendation with those contained in the two papers submitted to the Council by the NAT Deputies.

(*d*) *Give Germany the means to ensure its internal security against Communist violence and the subversive activities of the Fifth Column.*

Mr. Acheson noted that this was a recommendation to do something without any recommendation as to the means to be used. He thought it would be very easy to reach agreement on the necessity for strengthening internal security. The difficult question came in determining the means by which this was to be done. There was disagreement among the Deputies as to the means for accomplishing this objective and he suggested that the High Commissioners might state their views.

Mr. Poncet said that his Government favored the establishment of *Laender* police forces rather than a federal police. The establishment of a federal police would be contrary to the provisions of the Western German constitution, which specifically placed responsibility over the police in the hands of the *Laender*. A federal police would give the central government a strong instrument of authority over the local governments, which could lead to tyranny. In the French view the most effective answer to this problem would be to increase the *Laender* police, create a highly mobile and well organized force responsible to the states but subject to certain federal supervisory powers and to emergency call to federal service.

Sir Ivone Kirkpatrick stated that he was strongly in favor of creating a federal police force as the answer to this problem. The Bonn Government had requested it and their request should receive some attention. A decentralized force was not under any circumstances the optimum arrangement. The present constitution had been drawn up under a concept that it was desirable to make the central government weak; in the present period of crisis it seemed desirable to modify the constitution and to strengthen the central government. The dangers of the strong central authority would be circumscribed by the guarantees which the present government would have to give in order to secure amendment to the constitution. Finally, decentralized forces would be equally stationed in all of the *Laender*, whereas actually the necessity and the desire on the part of the Germans for police units varied considerably from *land* to *land*.

Mr. McCloy said that he thought the argument pro and con had been well stated. In his own view he had been influenced by the fact that the record of the federal police in Germany had been so bad in the past and that creating this strong central police seemed dangerous. He fully realized that the present German Government would

not be entirely satisfied with the solution in terms of *Laender* police, but he thought that the local authorities, at least in the U.S. Zone, were prepared to go quite far in granting central authority to the federal government.

In response to a question from Mr. Acheson as to exactly what type of threat the High Commissioners sought to meet in this recommendation, Sir Ivone Kirkpatrick replied that it was the threat of communist violence as presently organized in Western Germany and such Fifth Column activity as might in the future be organized. This threat was most serious in the industrial areas and it was not uniform throughout Western Germany.

Mr. Acheson pointed out that this was not a centralized threat but rather one in which the police would be dispersed to meet any crisis. He wondered if it could not be satisfactorily handled on a *Laender* basis.

Mr. Bevin said he was influenced by the experience with the Weimar Republic, in which scattered local police had been weak and ineffective. *Laender* police were also subject to too much local political pressure. Finally, in the event of a real crisis, the delay in assembling *Laender* police under a federal administration would be disastrous. At the same time he wanted to raise a question as to whether the solution had to be all of one or the other.

Mr. Acheson said he had also been considering whether or not a solution could be reached by combining the two concepts. It was important to have federal supervision over training and recruitment and it was essential that the federal authority have the power to mobilize the local police. It seemed to him that it might be possible to draft a formula which would satisfy the British desire for a strong centralized police and at the same time satisfy U.S. and French concern over the dangers inherent in such a force.

Mr. Schuman stated that he still insisted on the French position. It was most important to avoid a change in the constitution. A change in itself was bad, and there was the necessity of moving rapidly in our planning at the present time, while an amendment to the constitution would require at least six months. The French were in agreement concerning federal supervision of recruitment, training, and location of the police, provided those police were still largely a *Laender* responsibility. In answer to the point made by Kirkpatrick, he pointed out that the dangers did not lie solely in the industrial areas but also along the border regions and to some extent throughout Western Germany. Police must be decentralized if they were to meet effectively the full range of possible danger. As a particular case in point, Berlin was the most vulnerable of all spots, and federalized police

would be useless for meeting a Berlin crisis. France did not want to see any rebuilding of a federal German army, and therefore opposed a federal police under the authority of a single command with power to create the framework of new German armed might. Reform of the present police system was essential, but it had to be met without running the danger of centralized power.

Mr. Acheson said he would like to consider a possible formula under which a certain percentage of the *Laender* police might be mobilized and available to the federal government at all times. These troops would not necessarily be the same persons, but the same total would always be available to the government. This would give an immediate striking force which could be supplemented by the mobilization of *Laender* reserves. He suggested that the High Commissioners might try to work out a formula for *Laender* police, incorporating this suggestion and all other ideas which had been advanced for giving federal direction to the local forces. In response to a question from Mr. Bevin, he agreed that under his suggestion it would be necessary for the federal government to put up certain funds, perhaps in the form of paying all expenses for that percentage of the police under federal control at any one time. In response to another question from Mr. Bevin, he said he thought such a formula might go a long way toward meeting the request which had been made by Chancellor Adenauer.[4] The Ministers agreed that the High Commissioners would attempt to draft such a formula.

(*e*) *Prepare German opinion to favor participation in the Western Defense at the earliest possible moment and under conditions entirely honorable to them. Encourage the German press and public to discuss this development and, with the assistance of the Federal Government and the High Commissioners, direct it on the lines laid down by the three Ministers in New York.*

Mr. Schuman stated that in addition to the very considerable psychological problem of preparing opinion on this question, there were two other important issues. The first was legal. There was no present provision in the North Atlantic Treaty for national contingents of non-signatory powers. There is a provision for volunteer units recruited directly under the NATO, but national con-

[4] Material on Chancellor Adenauer's request on August 29 for the creation of a Federal police force and the reinforcement of occupation forces in West Germany is scheduled for publication in volume IV.

tingents would create a peculiar legal problem with reference to the present terms of the treaty. The second question was a technical, military one, which concerned the problem of how to organize troops on any basis other than national contingents. The creation of a new military structure might be desirable at a later time, but it did not seem possible to meet this problem at the present moment.

Mr. Acheson replied that he felt the Ministers had to direct themselves to the task of supplying the High Commissioners with general guidance on this broad subject. After that they should consider how best to approach the other NAT countries and how to handle the problems of public opinion. But it was not possible to put off discussion of this entire question just because the Ministers were faced with psychological problems.

With reference to the issues raised by Mr. Schuman, he said that he did not think the legal argument applied. The North Atlantic Treaty said that an attack against one member would be considered an attack on all. It did not stipulate how the members would meet this attack or what forces they might use. On the technical question, it might be desirable at a later date to recruit purely international units of NATO. This raised big questions which were not the immediate issue. What had been proposed was the possibility of German national units being contributed to NATO and not the creation of a German national army. It was envisaged that the German Government should recruit, pay, promote, etc. its units, but that these units would be dependent upon ordnance supplies from sources external to Germany and would not be organized with a German commander nor high ranking officers. These German contingents would have no existence apart from the forces for freedom. The administrative problems of creating an international force were too great and the danger of recreating a German national army too serious. What the U.S. sought was a middle course and he considered it essential at this time that the Ministers consider this problem and be prepared to give further guidance to the High Commissioners.

Mr. Schuman said that he feared this proposal would make the task of the Ministers even more difficult. While Mr. Acheson excluded the formation of a genuine German national army, he still called for the formation of some purely German units. This would create difficulties in the NATO since German national units would now come within the framework of the Treaty, and it would cause serious trouble in the French Parliament if there were any suggestion of revision of

the Treaty. He could not now accept this concept for the French Government.

In reply, Mr. Acheson stated that he wanted to separate procedural questions on how to approach the Germans or how to get them to approach us from the substance of the issue. The real issue was that the U.S. was now willing to take a step never before taken in its history in putting troops in Europe and joining in a collective force. This would commit the U.S. from the first; it would share with the Europeans the problems of the defense of Europe. But the U.S. was not prepared to do this unless the other powers were prepared to take sufficient steps to make this defense of Europe a success. In reviewing the problem, the U.S. found no solution to guarantee the success of this venture which excluded German participation. He did not believe that Mr. Schuman wished to foreclose the possibility that the Germans might fight to defend their own country. Time was an important factor, and the U.S. did not envisage that anything concrete could be done in the way of using German troops for many months. Our immediate hope was to increase our own forces by all possible means and to see that French and British forces were likewise increased. But we must also have an answer now on the possible use of German forces in order both to secure the success of this venture and to be able to combat the attitude of defeatism and disintegration in Germany.

Mr. Bevin said that he understood that the U.S. decision was not dependent on but was considerably influenced by the total size of European forces. Mr. Acheson said this was correct. In answer to a question from Mr. Bevin as to just what it was the U.S. hoped to achieve at the meeting, Mr. Acheson said that the U.S. hope in view of the world situation lay in securing forward progress on two related fronts. One was to increase U.S. efforts as hard and as fast as possible. The other was to initiate all possible steps which could augment our present broad objectives. In this regard, we felt that the German people today were confused and that there was a tendency on their part to avoid involvement with the Western countries because they felt the chances of the West were not good. It was the hope of the U.S. to create an effective and adequate force and also to provide the Germans with an opportunity to join in and fight with the Western powers.

The meeting adjourned at 12:40 p. m. with an agreement that the Ministers would reconvene at 3:00 p. m.

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United States Delegation Minutes, Third Meeting of the Foreign Ministers, New York, Waldorf Astoria, September 13, 1950, 3 p. m.

SECRET

SFM Min–3

MEMBERS

Mr. Acheson (US)
Mr. Schuman (Fr)
Mr. Bevin (UK)

PRESENT

US	FRANCE	UK
Mr. Jessup	M. Bonnet	Sir Oliver Franks
Mr. Perkins	M. François-Poncet	Sir Ivone Kirkpatrick
Mr. McCloy	M. Alphand	Sir Pierson Dixon
Mr. Byroade	M. de la Tournelle	Air Marshal Sir William Elliott
Mr. McGhee	M. Roland de Margerie	Sir F. Hoyer-Millar
Mr. Spofford		

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European Defense Force

Mr. Acheson raised the question of the Agenda for the afternoon. He proposed that the Foreign Ministers consider the Report of the Intergovernmental Study Group on Germany [1] and the Berlin question and then discuss Greece and Turkey, and finally, if time permitted and if the papers were prepared, consider the draft resolutions of the Deputies. This was agreed.

Mr. Acheson said that in order to assist in discussing the Report of the Intergovernmental Study Group he had had prepared a paper by his staff which summed up the important issues involved.[2] He had circulated this paper for the benefit of the other delegations. He

[1] Dated September 4, p. 1248.

[2] Not printed. A copy of the brief of the ISG report, SFM D–4, dated September 8, is in CFM Files : Lot M–88 : Box 152 : SFM Documents.

called their attention to the fact, however, that the paper was intended as a briefing document for the American side and asked their indulgence in regard to some of the comments that might not be appropriate in a Conference document.

Mr. Acheson said that he had been advised that much of the Report had been agreed and that there were three actions required: (1) to approve the agreed portions of the Report; (2) to decide the disagreed items and in the event no decision was reached, to refer the items for further study; (3) to approve the entire report as finally completed.

Displaced Persons. In regard to the agreed items he stated that he wished to reopen the position in regard to DP's and Refugees. He said he regretted the necessity of reopening an issue which had already been settled among the Governments but the position had been reexamined by the United States Government as a result of representations that had been made by various groups who were interested in this problem, in particular Jewish and Catholic groups.

Mr. Jessup said that the feeling was that at the present time with the programs that are now going forward it would be desirable to retain the reserved power until the Federal Government had taken certain actions, rather than terminate the power on the basis of assurances given by the Federal Government. He said that in the light of these representations, the United States felt that the Foreign Ministers should not confirm the decision made in London [3] but should leave it open for further discussion for the time being.

Mr. Bevin asked how long a delay was requested.

Mr. Acheson thought the matter might be discussed among experts this evening and that a proposal might be made to the Ministers the next day.

M. Schuman said that as he understood it we were agreed in principle to give up the reserved powers in this field and turn the responsibility for action over to the Germans but require the Germans to give assurances as to the treatment they would afford these persons.

Mr. Bevin said that he was agreeable to looking at the problem again and allowing the experts time to discuss it.

Restitution. Mr. Acheson said that with regard to restitution, it was suggested to him that this subject be referred back to experts for discussion.

Mr. Bevin said that he thought the question was what was the best way of completing the restitution program. Should the powers be abandoned or should they be retained by the Allies?

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[3] Regarding the decision on displaced persons made at London by the ISG, see p. 1263.

Mr. Acheson said that he had been assured by the U.S. High Commissioner that the Germans in fact did not want this particular power turned over to them.

Mr. McCloy said that in his view the Germans required prodding. The question of restitution was politically difficult for them and it was necessary to retain the leverage of reserved powers.

Mr. Bevin asked which restitution was under discussion.

Mr. McCloy said he was referring to both internal and external restitution.

M. Schuman said that he thought that it was necessary as soon as possible to reach the point where the reserved powers would be given up, particularly with regard to treatment of German nationals. It was his feeling that it was desirable that the German Government should have full responsibility for the treatment of its own nationals. There was a somewhat different problem concerning the treatment of foreign nationals and it was desirable for the occupying powers to see that foreign interests were properly treated. Even as concerned foreign nationals, however, it was his feeling that it would be desirable to rely on normal channels for their protection and to abandon reserved powers as rapidly as possible.

Mr. Acheson said he thought it might be desirable instead of rewriting the paper concerning the Occupation Statute,[4] to work out agreements with the German Government in regard to these matters. These agreements would take the place of the Occupation Statute and would be a substitute for the reserved powers.

Foreign Trade. Mr. Acheson said that there was an issue concerning foreign trade which he regarded as being very minor and he proposed that this was a problem which the High Commission should settle.

Mr. Bevin said that the foreign trade issue concerned the exercise of the reserved power in the event that the Federal Government withdrew from GATT. It seemed to him that we were under an obligation to see that Germany lived up to GATT principles since our Governments had already committed themselves to the support of these principles and therefore we should not let the Germans slide out of their obligations. However, he agreed that it could be considered by the High Commission.

Mr. McCloy said that in his view it would be satisfactory to have the High Commission deal with this problem, provided they were allowed to settle it among themselves. The question is whether there would be an appeal to Governments in the case of disagreement. He

[4] For the text of the Occupation Statute for Germany, see *Foreign Relations*, 1949, vol. III, p. 179.

suggested that the matter be settled by the High Commission by majority vote with the understanding that there would be no appeal to Governments from such a decision.

Mr. Bevin said that he agreed.

Foreign Affairs. Mr. Acheson said that he wanted to bring their attention to an important issue which he understood was raised in the ISG Report, namely, the one in the field of foreign affairs concerning diplomatic representation. He was told that this was an issue which the Ministers should consider.

Mr. Bevin said that as he understood the problem, the UK position was that the Allies would hand over foreign affairs to the Germans with the right to intervene only in certain specified reserved matters, whereas the US and French position contemplated that there would be a right to intervene in anything the Germans did in that field.

Mr. Acheson said that we had in mind three separate stages. We are now approaching the second stage. The first stage was the period of Military Government and of the Occupation Statute now in effect. In the second stage we propose to turn over additional powers to the Germans but retain sovereignty. In the third stage we would consider turning sovereignty over to the Germans on the basis of contractual agreements and on that basis we could exchange Ambassadors. Even as concerns the third stage, however, if the agreements were to break down, we would retain the right to resume sovereignty and start over again.

Mr. Bevin said that he didn't think they were discussing the same point. He said he agreed that the right should be retained to resume powers in the event of emergency. He felt, however, the powers should not be resumed in the absence of emergencies. The question in this case was whether in the field of foreign affairs we would reserve the right to intervene in the absence of an emergency.

M. Schuman said there seemed to be a misunderstanding. He felt that the three Foreign Ministers were much nearer agreement than appeared in the discussion. In principle it was agreed that the Germans should manage foreign affairs and that intervention on the part of the Allies should in principle be reserved for exceptionally serious cases. This would be the reverse of the present procedure. It was his understanding that this new procedure would be applied not only in the field of foreign affairs but in other fields and would be a new step in our relationships with Germany.

Mr. Acheson said that there seemed to be substantial agreement. In the first place there was agreement that a broad underlying power would be retained. There was also agreement in the Report of the ISG as to what would be done in practice in terms of exercising the

reserved power in the field of foreign affairs. The only problem was whether the article of the Occupation Statute would be redrafted or whether the article would be left intact but that the exercise of powers under it would be modified.

Sir Ivone Kirkpatrick said that as he understood the U.S. proposal, it was intended to keep a string on foreign affairs in addition to that provided under Paragraph 3 of the Occupation Statute.[5]

M. Schuman suggested that the Paragraph on foreign affairs[6] be redrafted to read as follows:

"Foreign affairs, insofar as they deal with international agreements made by or on behalf of Germany and with the establishment of diplomatic relations".

Mr. Bevin said that this sounded satisfactory to him.

Mr. Acheson said that this raised the question as to whether we should now undertake to re-write the Occupation Statute. It was our thought that we would have more flexibility by reaching agreement on the exercise of our reserved powers, rather than by attempting to redraft the Statute. As a solution it seemed to him possible to adopt the suggestion made by Dr. Adenauer in his letter to the Foreign Ministers.[7] The report of the ISG could be used as a guide for working out what Dr. Adenauer suggested. Dr. Adenauer did not suggest that the Occupation Statute be rewritten but that the practice under the Occupation Statute be changed through agreements with the Federal Government. It should be noted that the report of the ISG was already out of date. In his view the High Commission should work out these matters with the German Government, taking into account the altered situation.

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[5] Paragraph 3 of the Occupation Statute read:

"It is the hope and expectation of the Governments of France, the United States and the United Kingdom that the occupation authorities will not have occasion to take action in fields other than those specifically reserved above. The occupation authorities, however, reserve the right, acting under instructions of their Governments, to resume, in whole or in part, the exercise of full authority if they consider that to do so is essential to security or to preserve the democratic government in Germany or in pursuance of the international obligations of their Governments. Before so doing, they will formally advise the appropriate German authorities of their decision and of the reasons therefor."

[6] The section of the Occupation Statute dealing with foreign affairs read:

"2. In order to ensure the accomplishment of the basic purposes of the occupation, powers in the following fields are specifically reserved, including the right to request and verify information and statistics needed by the occupation authorities:

(c) foreign affairs, including international agreements made by or on behalf of Germany."

[7] Information on Chancellor Adenauer's memorandum of August 29 concerning the reshaping of the relationship between the occupying powers and the Federal Republic is scheduled for publication in volume IV.

Mr. Bevin said that he felt that instead of going forward we seemed to be going backward. Instead of giving up powers to the German Government in the field of foreign affairs, we were putting in a lot of persnickety things which would hold the German Government down. He said that constant intervention was undesirable. It would depend on whether the intervention was directed by the head or by the liver. It would seem undesirable to have persnickety things used as a basis for intervention.

Mr. Acheson said that some formula had to be found for retaining the power to control German relations with the Soviet Union. It was difficult to spell out such a reservation of power publicly. That was the problem. It was his feeling that the High Commissioners could get together and make a proposal on this but in order to allow the High Commissioners to reach agreement it would be necessary to clear up the question of Ambassadors.

Mr. Bevin said that he understood that the U.S. and French Governments did not want German Ambassadors in Washington or Paris. He said the British Government didn't mind having one in London, although it had collared the German Embassy and had taken it over for the Foreign Office.

Mr. Acheson said he didn't see why Ambassadors were needed in the capitals of the occupying powers. The status of Ambassadors would be anomalous. The relations of the Occupying Powers with the Federal Government should be handled through the High Commission.

Sir Ivone Kirkpatrick said that the point was that we want the best men sent to the capitals of the occupying powers and not elsewhere. The occupying powers would have difficulty in explaining to the German Chancellor why his representatives in their capitals had a lower standing than the Austrian minister, although Austria also had a High Commission and no peace treaty.

M. Schuman intervened and said he thought that Austria stood on a different footing. It was true that there was no peace treaty as regarded Austria, but the Allies had agreed to treat Austria as if a peace treaty had in face been concluded.

Sir Ivone Kirkpatrick said that this took all the jam and butter off the bun we were extending to the Germans. The accumulation of restrictions we were piling up in the field of foreign affairs cancelled out the concessions we were attempting to make.

Mr. Bevin said that he felt that this might be worked out if it were done on a temporary basis. He thought it was difficult, however, to ask the Germans to assume responsibility for the defense of Europe and at the same time impose derogatory arrangements concerning their relations with the occupying powers.

Mr. McCloy said that in the delicate period when the relationship of Germany to the common defense was being worked out it would be extremely awkward to have German ambassadors at the capitals working out their own relationships with the three governments and interfering with the negotiations which would take place between the High Commission and the German Government.

Mr. Bevin said that he recognized the problem but felt that it would be necessary to give Mr. Adenauer some assurance that the restriction in question was only temporary and that we would be prepared at an appropriate time to discuss a further solution with him. It seemed to him that our defense and foreign affairs theories were not properly synchronized and it was necessary to keep both ideas in mind as we approach these problems.

Mr. Acheson said that he fully agreed with what Mr. Bevin had said and that the matter was referred to the High Commission to work out with Mr. Bevin's remarks as a guide.

Mr. Acheson then referred to the agreed papers, and said that it was not necessary for the Ministers to go into these, since the High Commissioners would know how to negotiate with the Germans from these papers.

M. Schuman asked what would happen if the negotiations with the Germans were unsuccessful, and if the Germans should refuse to give the undertakings that were being asked. Would we then return to the *status quo*, or would we transfer the matter to another authority? He said he was afraid of the *status quo*, and that we could not accept it, because it must be improved. He pointed out that the Germans might force the occupying powers into immobility by refusing to accept the solutions that were offered, on the theory that the worse it was for them the better it would be for them. We should, therefore, retain the right to impose on the Germans the improvements which were to be made in their favor.

Mr. Acheson said that he agreed with this.

Mr. McCloy said what it came to was that if the Germans did not agree to accept the improvements, we would force them to do so.

Sir Ivone Kirkpatrick pointed out that there were two categories of modifications in occupation controls. One is the group of restrictions, such as the power over foreign affairs, which would be lifted without an undertaking in return from the Germans; the other consists of restrictions, such as the power over decartelization, which cannot be lifted except in return for undertakings from the Germans, and, as to these, if the Germans will not give the undertakings, there is no action we can take.

Mr. Bevin pointed out that the negotiations would be something like a continuation of the Petersberg Agreement,[8] but he did not wholly like the word "negotiate".

Mr. McCloy said the important thing was that for the first time we would sit down with the Germans and discuss directly with them the means of eventually withdrawing the Occupation Statute.

M. Schuman said there was an analogy with the Petersberg Agreement in that the new arrangements would be partly on a contractual basis.

Mr. Acheson then raised the question of terminating the state of war. He pointed out that the British and French had greater flexibility in this matter than the United States, and that more time was required by the American Government. He thought, however, it would be a good idea to have the termination of the state of war brought about by the three powers at the same time.

Mr. Bevin said that the date could be adapted to the legislative requirements of the three powers.

Sir Ivone Kirkpatrick pointed out that it would be desirable to issue now a declaration of intention of terminating the state of war.

Mr. Acheson agreed that there should be such a declaration now.

Mr. Bevin asked how the Governments would be advised concerning the termination, whether through the High Commission or diplomatic channels. He suggested that a communiqué be prepared by the High Commissioners for approval by the Ministers, and this was agreed.

M. Schuman said that a declaration of intention to terminate the state of war should be issued jointly, but that legislative details would necessitate delay in the case of each country.

Mr. Acheson said the matter could be worked out. As for claims, the Prohibited and Limited Industries Agreement, and shipbuilding, those matters should go over for a definitive report to the Ministers tomorrow. He asked who should be delegated to assist the High Commissioners in their work tonight.

Mr. Bevin suggested that each High Commissioner could bring any assistants he might need.

M. Schuman agreed to this.

Mr. Acheson then raised the question of Berlin, and there was distributed a list of points relating to Berlin prepared by the U.S. Delegation for the Ministers to consider (Document 27, September 13, 1950 [9]). He suggested that the question of the communiqué be deferred until later.

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[8] For the text of the Petersberg Protocol, November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

[9] For the text of December 27, see Document 27 (Revised), p. 1283, and footnotes thereto.

Mr. Bevin said he thought it would not be wise to issue a separate communiqué concerning Berlin, but that Berlin should be covered in a section of the communiqué on Western Germany.

Mr. Acheson agreed to this.

Mr. Acheson then mentioned the first point in the paper, which is a proposal that the Soviets be made to understand that armed aggression against Berlin might mean general war.

M. Shuman pointed out that aggression by the Volkspolizei might not mean general war.

Mr. Acheson said this was considered in Points 7 and 8 of the paper, which are concerned with holding the Soviet Union responsible for action by Eastern Germany. He said that what the United States had in mind was that the Soviets might move out of Eastern Germany and pretend it was independent, thereby preparing for another situation like that in Korea. They might then assert that any trouble in Germany was an internal German revolution. We should, however, state in advance that we would hold the Russians responsible for any trouble that might arise.

M. Schuman pointed out that this responsibility on the part of the Russians still might not be the cause of a general war.

Mr. Bevin asked whether points 1 and 2 should be announced (these have to do with making the Soviets understand that armed aggression against Berlin might lead to war and that any interference with Berlin transport would have the most serious consequences).

Mr. Acheson said that it should not be put in a public statement that these eventualities might produce a general war.

Mr. Acheson then referred to point 6, which has to do with strengthening Allied forces in Berlin and authorizing the formation of German auxiliary forces. He said it was his understanding that the auxiliary forces were already being formed, and that the United States view was that one additional American regiment should be stationed there. He hoped that the British and French would be able to take some corresponding action. He pointed out that in Korea we have been careful not to penetrate the Russian disguise, but that in the case of Germany we should have to do so because the matter would be too serious.

It was agreed that the Ministers should study the paper tonight and discuss it later.

It was then agreed to have a short recess and take up the subject of Turkey afterwards.

Mr. Acheson opened the second half of the third session of the Foreign Ministers Meeting by reading a U.S. draft directive to the

Defense Committee of the NAC (Int. Doc. 31 [10]) which, if approved by the Ministers, would be submitted to the NAC in connection with the Turkish request for admission into the NAT.

Mr. Bevin began the discussion by mentioning that perhaps the situation regarding Turkey might be met if the UK and France reaffirmed their treaty with Turkey and the U.S. gave a strong guarantee to support of Turkey in case of aggression. The UK had been consulting confidentially with certain members of the Commonwealth concerning the part they could play in the event of hostilities in the Near East. South Africa, Australia, and New Zealand might play a role in this area. While India has not given any indication regarding participation in joint defense efforts, it has indicated a strong interest in the area around the Persian Gulf. The participation of Turkey in planning for the defense of the Eastern Mediterranean, as contemplated by the document under consideration, might disturb the relationship of the Dominions to the defense of the Near East. In view of this complication, Turkey might best be provided for by a U.S. declaration. This was just a thought—not a proposal.

Mr. Bevin added that he hoped the Truman Doctrine would continue to be operative since it had done more than anything else to prevent aggression in the Near East. It had prevented Greece from being gobbled up and it had been instrumental in stopping the war of nerves against Turkey.

M. Schuman stated that he had no objection to the U.S. proposal.

Mr. Acheson replied to Mr. Bevin's remarks by saying that it was not possible for the U.S. to go any further in the support of Turkey short of a contractual agreement. The U.S. is over-committed now. It requires a certain amount of flexibility. The U.S. would probably act in case of aggression against Turkey but it is not willing to make a treaty commitment at this time.

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[10] Document 31 read:

"The request of the Turkish Government for admission into the North Atlantic Treaty was carefully considered by the Fifth Session of the North Atlantic Council. It was the opinion of the Council that at the present stage of development of the North Atlantic Treaty Organization it would not be feasible to extend the Treaty to new members. It was recognized, however, that in the case of the Mediterranean area, it would be desirable, if the Turkish and Greek Governments so desired, to make arrangements which would permit these two countries to be associated with appropriate phases of the work of the various North Atlantic Treaty military planning bodies engaged in planning the defense of the Mediterranean. The purpose of these arrangements would be to facilitate coordinated military planning without extending the membership of the Treaty.

"The Governments of Turkey and Greece will be informed of the foregoing decision of the Council. If they indicate a desire to conclude such arrangements, the Defense Committee will be so informed and is authorized to take appropriate steps so that representatives of Turkey and Greece may be associated with such phases of the work of the North Atlantic Treaty military planning bodies as is deemed appropriate by the Defense Committee." (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

Mr. Acheson did not understand Mr. Bevin's point about the complications with the Dominions. The Turks want not only an assurance of support in case of aggression but also definite planning as to the action to be taken in the event of a hostile act such as mining of the Straits. Turkey could participate in planning for action to be taken in case of such an eventuality without interfering with UK Dominion relationships.

Mr. Acheson gathered that all the Ministers were agreed not to admit Turkey into the rights and obligations of the Treaty at this time. It might be possible to give Turkey the encouragement, however small, provided by the proposed directive (participation in Mediterranean defense planning).

Mr. Schuman said he supposed that the proposed directive would have to be approved unanimously in the Council.

Mr. Acheson replied that he presumed so. He wanted to make sure that the Turks received a unanimous answer from the Council to their request for admission into the Pact. Otherwise they would probably say that only the U.S. was keeping them out.

Mr. Bevin asked what would happen, under the terms of the proposal, in the event of an attack by the Soviet Union on Turkey.

Mr. Acheson replied that he did not visualize that anything would happen. Under the terms of the proposal the Turks would simply consult with the other nations regarding military planning. If the Soviet Union does attack, it would probably be in conjunction with a general attack and not aggression against Turkey alone. The Soviets would not attack Turkey alone because that would warn the Western Powers that a general war was in the making. The proposed directive would only provide for the formulation of plans, such as the action to be taken in the eventuality that the Straits are mined by the Soviets.

Mr. Acheson said he thought that the Turks were shortsighted in raising the question of admission to NAT.

Mr. Schuman believed that they had raised the question for domestic political reasons.

Mr. Bevin thought that it might create a difficult situation if the Turks were rejected on the grounds that no more members would be admitted into the Pact at the present time. Suppose Spain were to be admitted while the Turks were kept out? There is a good deal of pressure in the House of Commons to bring Franco into European defense plans and the feeling is so unpredictable that anything could happen in Parliament within half an hour.

Mr. Schuman said that the same situation existed in the French Parliament with respect to Spain.

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Mr. Acheson said that Senator Cain [11] had recently made a speech coupling Turkey and Spain and urging that both be included in western defense plans. The two countries were often spoken of together in this connection.

After further discussion about drafting the proposed directive was agreed upon, subject to minor drafting changes.[12]

Mr. Acheson then read and introduced a draft resolution for the North Atlantic Council, submitted by the U.S. Delegation, regarding the Medium Term Defense Plan and the forces to be made available by July 1, 1951, and July 1, 1952 (Int. Doc. 22 [13]).

Mr. Bevin asked for clarification about the expansion of forces mentioned in paragraphs 1 and 2 of the draft. Is the UK expected to expand its armed forces beyond the point now being discussed by Parliament?

Mr. Acheson explained that paragraphs 1, 2, and 3 of the draft were not intended in this sense. Rather, the objective was to obtain a clear definite report from the Defense Committee which could be used to put the plan into action.

Mr. Bevin said that he did not want to agree in this meeting to a greater expansion of UK armed forces than he had just agreed to with Parliament. If he agreed to Document 22, would he be increasing the British commitment?

Mr. Acheson went over the draft in more detail, pointing out that he hoped that the Defense Committee was already doing what was set forth in paragraphs 1, 2, and 3, but that this resolution simply urged them to get on with the job.

Ambassador Franks suggested that the difficulty seemed to lie with the Preamble and especially the phrase ". . . beyond those steps already taken by member governments . . ." it could refer to troops actually raised, or to plans for the expansion of the armed forces adopted by Parliament but not yet fully realized. The difficulty arose from the fact that different steps were now being taken by different governments.

Mr. Acheson was willing to change or eliminate the Preamble.

Mr. Schuman thought that paragraph 2 of the Preamble was a desirable safeguard since it recognized the need for financing the plans for equipping and maintaining the increased forces.

Ambassador Franks accepted Mr. Schuman's point. He suggested that the Preamble be omitted and that the portion of Paragraph 2

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[11] Senator Harry P. Cain, of Washington.

[12] For the text of Document 31 (Revised), "Proposed Directive to the Defense Committee of the North Atlantic Council," see p. 1284.

[13] Dated September 13, p. 1277.

referring to finance be worked into the beginning of the Recommendation which comes at the conclusion of the Resolution.

The Ministers agreed to this suggestion and agreed to the document, referring it to the Deputies for redrafting.[14]

Mr. Acheson read and introduced a draft resolution prepared by the Deputies for introduction in the NAC on the subject of a European defense force (Int. Doc. 24[15]). He pointed out that the phrases in parentheses had not been agreed to by the UK Deputy. He also pointed out that the phrase in the first paragraph ". . . freedom in Europe." might have to be modified since the European defense force might be fighting over the invasion of a satellite, such as Yugoslavia.

The Ministers agreed that this wording could be reworked.

Mr. Acheson suggested that paragraph 2 be deleted and replaced by some such phrase as "We recommend that the force be organized in accordance with the following principles." Paragraphs 1 to 4 would follow and after paragraph 4 there would be a request to the Chairman of the Defense Committee to put the foregoing recommendations into operation.

The Ministers agreed to this suggestion.

Mr. Bevin suggested that the phrase ". . . in due course . . ." in paragraph 1 be omitted since a Supreme Commander should be appointed soon or otherwise the project would not work out.

Mr. Acheson thought that it would be difficult to induce an eminent soldier to accept the position of Supreme Commander unless some troops were actually in being. Therefore, a Supreme Commander should not be appointed in the near future.

Mr. Bevin felt that a man should be appointed who could really get on the job. It was absolutely essential to get a Supreme Commander and a Chief of Staff right away. The experience in Europe since 1948 regarding the creation of a multination armed force had been terribly disappointing because it had not proven possible to get the project going. It was essential to get the NATO forces off to a good start. Everything depends on its creation. If people lose faith in this force, they will lose faith in everything.

Mr. Schuman agreed with Mr. Bevin that the experience in Europe had not been happy, but he felt that it had to do with the position of Chief of Staff, not of Supreme Commander. What was lacking was a person who would be responsible for others. The important point is that one person should be responsible. It is not necessary to give him the title of Supreme Commander right away.

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[14] For the text of Document 22 (Revised), see the first footnote 2, p. 1278.
[15] Dated September 13, p. 1280.

Sir William Elliott said that a Chief of Staff cannot assume the functions of a Commander in Chief. If trouble breaks out someone would have to take command immediately. The Ministers might present the Defense Committee with a statement of objectives and let the Defense Committee work out the requirements for Chief of Staff and Supreme Commander.

Mr. Acheson agreed that the Council should not undertake to do the work of the military people. He did not share the conviction, however, that all the Ministers were agreed as to the need for the immediate appointment of a Supreme Commander. World War II went on for some time after 1939 before a Supreme Commander was appointed. The Staff did the ground work which permitted General Eisenhower to go over and assume the post of Supreme Commander of the European theater. At some time the European Defense Force needs a Supreme Commander; certainly, at the start, it needs a Chief of Staff. Mr. Acheson agreed that there was a difference between the functions of a Chief of Staff and a Supreme Commander, but a Chief of Staff could take care of the early needs, such as coordination of forces of different nationalities and training.

Sir William Elliott replied that the Chief of Staff could not perform these tasks unless he was Chief of Staff to a Supreme Commander. You could not have a Chief of Staff without a superior.

Mr. Acheson asked if the Chief of Staff would not be responsible to the Standing Group.

Sir William Elliott suggested that the Council might send a directive to the Defense Committee saying that it desired a Supreme Commander and Chief of Staff and then the Defense Committee could submit a recommendation to the Council as to the details of the appointments.

Mr. Acheson agreed that perhaps this could be done.

Mr. Bevin suggested that the desired result might be better achieved by a letter to the Defense Committee telling them what was wanted rather than by the resolution under consideration.

Mr. Schuman said that France has an army but no Supreme Commander, that a Commander in Chief is not appointed until his presence is actually required. The appointment of a Supreme Commander for the European defense forces now might create the impression that there was an immediate danger of war.

Mr. Bevin suggested that the titles might be omitted from this resolution and that the Defense Committee could draw up a plan based on the stated objectives of the Council. He wanted to get on with the job of creating an army and not waste any more time. There were small forces already on the Continent but he was not sure how good

an account they would give of themselves in the event of hostilities. He was afraid that we might have an army without generals.

Mr. Acheson asked for the attitude of the Ministers regarding paragraph 2.

Mr. Schuman asked what was meant by "contingents." Would these be the national armies?

Mr. Acheson thought that the objective here was to differentiate between the national forces and the forces to be under command of the Supreme Commander.

Mr. Bevin reiterated his anxiety about any further delay and his desire to achieve a powerful centralized force.

Ambassador Franks suggested that the Ministers had been emphasizing three different aspects of the same problem. He thought that there was general agreement on this subject but that it might be reached more rapidly if the various considerations were recognized and weighed. He believed that one of the arguments had been based on strategic considerations: the need for a potent command in view of the possible outbreak of hostilities. A second argument had been political: that the transition from the planning stage to the creation of an actual defense force might proceed more rapidly under the stimulus of a Supreme Commander. The third argument had been professional: a discussion of the professional aspects of the transition from Chief of Staff to Supreme Commander.

Mr. Schuman suggested that it might be left up to the judgment of the Defense Committee to choose a proper time for the selection of a Supreme Commander.

Ambassador Franks suggested that the phrase ". . . in due course . . ." be eliminated since it connoted an indefinite delay before the appointment of a Supreme Commander.

Mr. Bevin said that he would have an opinion in the morning.

It was agreed that the press would be told that the Ministers had reviewed a report of the International Study Group, had discussed related German questions and that these discussions would continue tomorrow.

The Ministers agreed that the next session would be a private meeting at 10:30 a. m., Thursday, September 14th.[16]

The meeting was adjourned at 6:51 p. m.

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[16] At the United States Delegation Staff meeting at 9:30 a. m. on September 14, Secretary Acheson indicated that he wanted another restricted session to ascertain Schuman's final position on German participation in the defense of the West and to explain again the situation to Bevin. (USDel Min 3: CFM Files: Lot M–88: Box 152: USDel Mins)

CFM Files: Lot M–88: Box 152: File—SFM Meeting Minutes

United States Delegation Minutes, Fourth Meeting of the Foreign Ministers, New York, Waldorf Astoria, September 14, 1950, 3 p. m.

SECRET
SFM Min–4

MEMBERS

Mr. Acheson (US)
Mr. Schuman (FR)
Mr. Bevin (UK)

PRESENT

UNITED STATES	FRANCE	UNITED KINGDOM
Philip C. Jessup	Henri Bonnet	M. E. Dening
George W. Perkins	Jean Chauvel	Sir Pierson Dixon
Dean Rusk	M. de la Tournelle	Sir Oliver Franks
	Roland de Margerie	Sir Gladwyn Jebb

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Communiqué

Chinese Representation

MR. BEVIN opened the discussion by stating that the United Kingdom believes that continued support of Chiang Kai-shek in the UN is doing the western powers untold harm in Asia. There is perhaps a stronger natural affinity between India and China than between China and the USSR, but continued support of Chiang Kai-shek may drive a wedge between India and China. It is also possible that the West is driving China into the arms of USSR by supporting Chiang Kai-shek, creating a most undesirable position with regard to the great surge of nationalism in Asia. The United Kingdom Cabinet believes that the Peiping Government should be seated in the UN. This tactic would be a step toward obtaining the support of 800,000,000 Asiatics rather than pushing them toward the Soviets.

MR. SCHUMAN drew a distinction between the question of recognizing the Chinese Communist Government and the problem of Chinese representation in the UN. France did not contemplate any change in its policy of non-recognition at least during the Korean hostilities and until some assurances were received on Indochina, but Chinese representation was a real problem which had to be faced very soon. While France does not like the Peiping Government, that Government does in fact control virtually the entire country;

thus the Chinese representatives in the UN no longer truly represented China. Furthermore, there seemed no prospect that the Nationalist Government will regain control of China. On the question of representation in the UN, therefore, he agreed generally with the views expressed by Mr. Bevin but he would feel better qualified to advise his government as to the position it should adopt after hearing what Mr. Acheson might say.

Mr. Bevin emphasized that the United Kingdom had considered and weighed the United States' views on this subject with great care and was extremely reluctant to adopt a position that was not in accord with that of the United States. He hoped it would be possible to reach an agreement. He also wanted to inform the Ministers that since the outbreak of Korean hostilities the United Kingdom had refrained from taking any action with the Peiping Government which might embarrass the UN or United States.

Mr. Acheson agreed that the considerations put forward by Mr. Bevin and Mr. Schuman were impressive and important. However, the United States' position remained the same as the Secretary had outlined in his Press Club speech of January 12, 1950.[1] The strong support which the Chinese Communists had afforded the aggressors in Korea would make it even more difficult for the United States to alter its position regarding the admission of the Peiping Government to the UN. In the absence of complete agreement among the three powers on this question, it was desirable to minimize the differences as far as possible. To this end the United States hoped the problem could be held in abeyance in the Security Council for the time being and given full consideration in the General Assembly. In the Assembly it was likely that Vishinsky would raise a point of order at the outset on the seating of the Chinese Communists. The United States believed this question should be put to a vote at the earliest possible time after a minimum of discussion. Since only 16 members of the UN have recognized the Chinese Communists and 43 have not, the Soviet proposal would probably be defeated. The argument for voting against the resolution might be that the Chinese representatives in the General Assembly have been there for five years and they should not be unseated without a thorough analysis of the issues under dispute. In order that the General Assembly could get on with its business a committee could be appointed to make an examination of the criteria to be applied in determining which delegation should represent China. This might be done under the draft Cuban resolution.[2] Such an exami-

[1] For text of Secretary Acheson's remarks before the National Press Club on January 12, 1950, see Department of State *Bulletin*, January 23, 1950, pp. 111 ff.

[2] Regarding the Cuban resolution on China, see vol. II, pp. 280 ff.

nation should be undertaken toward the end of the Assembly, not at the beginning, and it should be a long, orderly consideration of the issues. This would serve the double purpose of keeping the Chinese Communists out of the UN and possibly inducing good behavior on their part, especially with regard to activity in Korea and Formosa.

Mr. Schuman believed that the Vishinsky motion would not be troublesome since there is no provision whereby one member can unseat another. It was likely that the question about Chinese representation would arise first in the credentials committee. It seemed logical that a decision be reached before either delegation were seated. It was also important to keep in mind that if the Chinese Delegation was not allowed to take its seat in the General Assembly, it would also lose its place in the Security Council.

After further discussion of certain technical aspects of UN procedure, Mr. Bevin said that the United Kingdom vote on the question of seating the Chinese Communists would depend to some extent on which country introduced the resolution: for example, whether it were India or the USSR. In case such a resolution was defeated, the United Kingdom then agreed to support the United States' suggestion regarding an inquiry into the representation question if the matter arose. Mr. Schuman also agreed to this procedure.

Formosa

Mr. Acheson opened the discussion on Formosa by stating that the objective was to find a procedure which would minimize the different views and would avoid bringing the Formosa problem to a crisis. Perhaps in this way the crisis would never develop. One possibility would be for a friendly country to raise the question of the future of Formosa under Article 11 (2) or Article 14 of the Charter.[3] A UN committee could then be appointed to investigate the problem and make a report to the next meeting of the General Assembly. In response to questions from the other Ministers, Mr. Acheson pointed out that the United States planned to handle questions about Formosa and Korea in two ways: cases of alleged United States aggression against Formosa and Korea would be dealt with in the Security Council, while questions about the future of the two countries should be discussed in the General Assembly. If, as expected, a charge of United States aggression against Formosa is discussed in the Security Council on September 18, the United States plans to suggest that a commis-

[3] Article 11(2) allowed the General Assembly to consider any matter relating to peace and security not already under consideration by the Security Council; Article 14 allowed the General Assembly to make recommendations for the peaceful adjustment of any situation not already under consideration by the Security Council.

sion be appointed to investigate the situation in the same way as on September 7, the United States handled the charge of the Yalu River bombing.[4]

Mr. Bevin explained that his reservations about supporting the United States' proposal on this question were due to a misunderstanding that the United States would attempt to postpone discussion of the subject in the Security Council. Mr. Bevin had thought that such a tactic would create an extremely difficult situation for Sir Gladwyn Jebb, President of the Security Council. Mr. Acheson's explanation had removed any reservations he had.

As Mr. Schuman had no objections, the United States' proposal was agreed upon by the Ministers. Mr. Bevin and Mr. Acheson also agreed on the necessity for close consultation with regard to the procedure for placing this agreed course of action into effect, since the governments had often agreed to a course of action and then found themselves in different positions as a result of different procedures for implementation.

Korea

Mr. Acheson noted that the UN delegations of the three countries had been in constant consultation on the Korean question and were agreed upon the course to be followed in the UN.[5] Unless there were questions to be raised, it seems unnecessary to discuss the issue further.

Mr. Bevin said that at a later time the United Kingdom wished to discuss the attitude to be taken toward the Syngman Rhee government, but there was no need to raise the issue now.

Indochina

In taking up the question of Indochina, Mr. Schuman said that the situation there was adequately covered in the document prepared for the Ministers (Int. Doc. 8[6]), which he endorsed. To this he only wanted to add a few comments. France faced considerable difficulties in this part of the world. In the face of these difficulties they were pursuing their objectives of strengthening the military as earnestly and as rapidly as possible. They had 44,000 nationals of Indochina serving in the French Army and another 77,000 organized in the armies of the Associated States. There were also 150,000 French troops in Indochina. This was still not enough for the task at hand, and they were continuing the task of integrating, training and equipping the local troops. In this task the French were particularly worried about the

[4] Regarding United States handling of charges that it had bombed areas north of the Yalu River in Korea, see volume VII.

[5] See Document 12 [D–6/1*a*], p. 1176.

[6] Dated September 1, p. 1172.

economic and financial problems involved, since the requirements for an adequate military defense were far beyond the economic capabilities of either France or the Associated States. They were also worried about the threat from China. This would become particularly serious if the Communists were equipped with modern aircraft. So far the French had been able to hold their position, but if the Communists were equipped with air support, the situation in Indochina would be reversed. To meet this threat the French had asked the United States for tactical air support but had received only aircraft. Finally, the French would be happy to see military talks take place on this question, as recommended in Int. Doc. 8.

Mr. Acheson said that the United States attaches great importance to the development of military forces in Indochina, including both French and particularly a national Indochinese army. The United States had given substantial support to this undertaking. The amount of aid had now been doubled and would continue to advance. However, despite the valuable information already received from the French on their requirements, there was still need for the submission of a coordinated plan. The United States was willing to supply equipment from the United States for Indochina, but it was not willing to supply money for local military financing. On the question of tactical air support, the answer had to be "no". The United States was not in a position to make this commitment. He would, however, be glad to have operational military talks take place in the field with the French, and the United States was ready to designate representatives for this purpose.

Mr. Schuman thanked Mr. Acheson for his statement, which would strengthen the French position and determination. It was one more significant indication of our solidarity.

Mr. Bevin said that he had nothing to add on the discussion of Indochina or on other problems in Southeast Asia. Present undertakings were moving forward and there did not appear to be anything requiring ministerial discussion.

Communiqué

Mr. Acheson said that brought the Ministers to consideration of the draft interim communiqué. After a brief pause during which the delegations worked out various drafting changes, the ministers agreed to the interim communiqué[7] and the meeting adjourned at 6:10 p. m.

[7] For text of the Foreign Ministers Interim Communiqué, see the *New York Times*, September 15, 1950, p. 14. A copy is also in CFM Files: Lot M–88: Box 152: Communiqué.

CFM Files : Lot M–88 : Box 153 : Secto & Tosec Telegrams

The Secretary of State to the Acting Secretary of State

TOP SECRET PRIORITY NEW YORK, September 15, 1950—12 : 15 a. m.

Secto 13. Personal for the President from Acheson. After two days of conferences [1] which had persistently failed in coming to grips with the central problem of the defense of Europe, I asked for and obtained a private conference attended only by me, Bevin, Schuman and our three High Commissioners for Germany.[2] The purpose of this talk was to get away from minor difficulties of language and really reach the essence of the problem. This purpose was achieved; and, while the results were immediately discouraging, I think that we may be getting somewhere.

I pointed out that you had been able to bring about a complete revolution in American foreign policy, based upon the realities of the international situation. We were prepared to take steps which were absolutely unprecedented in our history, to place substantial forces in Europe, to put these forces into an integrated force for the defense of Europe, to agree to a command structure, to agree to a supreme commander, to join in a program for integrating European production, to take far reaching steps in the financial field, but all based upon the expectation that others would do their part, and that the entire scheme would result in the creation of such power that chances of peace would be immeasurably improved; and, if contrary to our hopes and belief, war should come, we had a first class chance to win it. I went on to say that this involved a defense in Europe as far to the East as possible and that such a defense was not possible without facing squarely and deciding wisely the question of German participation. I pointed out that in our discussions the British and French had been prepared to accept what we offered, had been reticent about their contributions; and had flatly refused to face in any way the question of German participation. I, therefore, wanted to talk about this question with the gloves off and see exactly where we stood.

The ensuing discussion brought out very clearly two fundamental facts. The first was that Bevin, who really agreed with me, had been put under wraps by his Govt and was not permitted to say anything. This grows out of the current debate in the House of Commons on this very subject, in which the Labor Govt has a pathological fear

[1] In Secto 8, September 14, from New York, personal for the President, not printed, Secretary Acheson had reviewed in more detail the discussions of the first two days (CFM Files: Lot M–88: Box 153: Secto & Tosec telegrams).

[2] The meeting was held at 10 : 30 a. m. on September 14, presumably in the Waldorf Astoria.

of Churchill and does not dare say anything for fear that it will leak to the American press and be used by Churchill, in the debate. I hope that this situation is not permanent and may clear up in the near future.

On the part of Schuman the difficulty was deeper. His attitude was that he was not able or willing, as the spokesman of his Govt, to take any decision even on principle in regard to German participation until the forces of the Allies had been so strengthened in Europe that the French Govt could face the psychological reaction to the creation of German armed force.

When it became clear that neither man had any discretion and that therefore argument could not result in any immediate change of position, I suggested that we examine the positions taken by each of them solely for the purpose of clarifying our minds so that when they had some flexibility returned to them, we would understand how each of us thought about the various points.

I think it fair to say that this discussion was useful. It completely blew out of the water the practicality of leaving the beginning of the formation of German military units until the Allied forces were completely supplied with equipment. I think it destroyed any logical basis to their fear that the bringing of Germans into the creation of allied strength in the West increased the possibility of preventive war by the Russians as against the mere creation of allied strength. I think we showed that it was quite possible to deal with the German Govt on the issue, not as suppliants, but merely as agreeing to proposals already made by Adenauer to contribute units to European forces and to force him to accept conditions to our acceptance of his proposals.

All this was useful, but the discussion ended with one situation quite clear: that they were prepared to accept what we offered but they were not prepared to accept what we asked. In this situation I am taking the attitude, not that we are imposing specific conditions, but that we are unable to proceed with the discussion until their attitude is made more clear. The result is the same but the words are different. The result is that no agreed papers on the matters on which they are ready to agree will issue from our delegation. We have ended the first part of our tripartite meeting with a communiqué [3] which cannot announce decisions and, therefore, says merely that we are continuing our discussions in the Council and will resume them next week.[4]

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[3] For text of the Foreign Ministers Interim Communiqué, see the *New York Times*, September 15, 1950, p. 14. A copy is also in CFM Files: Lot M–88: Box 152: Communiqué.

[4] A copy of the minutes of this meeting, taken by Battle, September 14, not printed, is *ibid.*, Box 252: Tri Docs.

In the Council meetings I intend to argue the issues all over again and have already been assured of vigorous support from the smaller European countries. It seems highly unlikely that we can reach satisfactory conclusions by Saturday night, but I feel sure that the British and French will become increasingly uncomfortable on their seats. It may be that we shall have to have further meetings. It may be that I shall have to come back to you for further instructions before the matter goes too far. For the present there is no need for you to worry, although I think you must face the strong possibility of leaks to the press and stories that all is not going well. I feel reasonably sure that we can work this out; that it may be a question of whose nerve lasts longer, but that it just must come out in the right way.

I am dictating this wire to you myself so that you may know my mind fully and instruct me at any point where you think I may be wrong or give me any guidance which you want me to have. I shall keep you fully and intimately informed.

DEAN ACHESON

Editorial Note

Following their fourth meeting the Foreign Ministers temporarily adjourned until Monday, September 18, in order to participate in the fifth session of the NATO Council. For documentation on the Council meetings, see pages 85 ff.

CFM Files : Lot M–88 : Box 252 : Tri Docs

Memorandum of Conversation, by the Special Assistant to the Secretary of State (Battle)

SECRET NEW YORK, September 14, 1950—8 : 45 p.m.

Participants: The Secretary
Foreign Minister Stikker of The Netherlands
Foreign Minister Pearson of Canada
Foreign Minister Lange of Norway
Mr. Battle

Mr. Stikker opened the conversation by saying that he had been greatly concerned at reports in the paper that morning to the effect that the Foreign Ministers of the US, UK, and France had reached very basic decisions regarding European armament and German participation in European defense without any regard to the rest of the North Atlantic Council. He also expressed concern over the decision

of the three on the question of the admission of Turkey to the North Atlantic Pact.

Mr. Acheson discussed briefly with him the position which the US has taken on the associate membership of Turkey and explained to him that this would be coming up in the Council meeting.

Mr. Stikker said he had no quarrel with the decision of the three but objected to the way this and other vital matters affecting Europe were dealt with by the Big Three without regard to the Council.

Mr. Acheson said that there was nothing sacred about the Big Three meeting prior to the Council. He said that he did feel it was essential the meetings take place at the same time but would be very glad to have the Big Three meet after the Council meeting. He said that if Mr. Stikker made a suggestion of this nature in the Council meeting, he would be glad to go along with it.

Mr. Acheson then dealt with the question of the force for the defense of Europe and German participation in that force. He explained to the three Ministers that the Big Three had not reached decisions on these matters, and, in fact, were very far from reaching agreement. He outlined in some detail the position of the US on the question of integrated forces, combined staff, German participation, etc. He expressed the hope that he would get support from the other Ministers present and urged that a complete and thorough discussion of the problems take place in the Council. He said that he hoped no one would "pull any punches."

Mr. Stikker indicated that he agreed thoroughly with the Secretary's position. Mr. Lange indicated hesitant concurrence with most of Mr. Acheson's points, but appeared to have great doubt as to the timing of any participation by Germany in the defense program. Mr. Pearson said that his Government was prepared to support Mr. Acheson's stand.

All three of the Ministers appeared to discuss frankly and openly their feelings on these problems. They thanked Mr. Acheson for the interview, which they said had been most helpful.

CFM Files : Lot M–88 : Box 252 : Tri Docs

Memorandum by the Director of the Office of Eastern European Affairs (Yost) to the Ambassador at Large (Jessup)

TOP SECRET NEW YORK, September [16?], 1950.

Subject: Order of Business for Tripartite Ministers Meeting September 18

I had a meeting this morning with representatives of the French and British Delegations in regard to the schedule and order of business for the Tripartite Meeting on Monday. Though I proposed that

the Ministers might cover their business in a single session Monday afternoon, the British and French both felt strongly that, while most of the pending items could be dealt with very rapidly, the likelihood of lengthy discussions on the remaining German questions, including possible reexamination of the question of German participation in European defense (following the receipt of further instructions by Bevin and Schuman) was sufficiently great that the Ministers should be asked to meet Monday morning and to hold Monday afternoon available in case of need.

It was agreed that the following tentative order of business would be recommended to the Ministers:

I—Consideration of United Nations Problems within the context of recent events.

A. The strengthening of United Nations procedures for dealing with aggression.
B. Position concerning draft resolution on Spain.

II—Exchange of views on policy toward the Soviet Union in light of recent developments.

III—Consideration of Western European Problems.

A. East-West Trade.
B. Economic assistance to Yugoslavia.
C. Report of Tripartite Experts on European Migration.

IV—Remaining German problems, including possible German participation in European defense.

As to I–A above, both the British and French said that they would prefer not to have this question come before the Ministers since discussions are continuing among the UN Delegations and the problems are extremely technical. I replied that I would report their view but that our opinion at the moment was that the question should come before the Ministers, at least briefly. I pointed out that the US attaches great importance to this item as the central point in its UNGA program, that the UN Delegations had not so far been able to reach agreement in regard to it and that this would presumably be the last opportunity for the Ministers to consider it before the Assembly opens. Even if a unanimous decision could not be reached in regard to it, I felt that Mr. Acheson might wish to explain the US position and emphasize to the other Ministers the importance we attached to it.

It was agreed that the Ministers need devote almost no time to item II. I said that Mr. Acheson might have a few brief remarks to make in regard to the information program along the lines of paragraph 7 of the paper coming out of the preliminary tripartite conversations [1] and the British remarked that Mr. Bevin would also have a few comments on this subject.

[1] Document 9 [D–4*a*], p. 1170.

As far as the representatives present were aware, there are no changes of position on the three items listed under III. I said that we might wish to circulate before the meeting a proposal on East–West trade [2] which would spell out in a little more detail exactly what we have in mind.

As to the German problems, it was agreed that the German experts on the three Delegations have reached agreement on all but two or three of the outstanding points and that these would be all that the Ministers need consider. The British noted, however, that these agreements are based on the assumption that there might be a decision in regard to German participation in European defense and that, if this decision is not forthcoming, some of these agreements might have to be modified. Both the British and French seemed to expect that their respective Foreign Ministers might receive instructions over the week-end which would permit them by Monday to be more communicative on the subject of German participation. They referred to a possible further meeting of the North Atlantic Council later next week. The British also referred to another possible subject of disagreement on Germany, i.e., whether or not, in case there should be an attack by East Germans on West Germany or Berlin after a withdrawal from East Germany by the Russians, we should publicly hold the Russians responsible for that attack.

CHARLES W. YOST

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[2] Presumably a reference to Document 33, p. 1285, which was submitted by the United States Delegation at the fifth meeting of the Foreign Ministers on September 18. For the minutes of this meeting, see *infra*.

CFM Files : Lot M–88 : Box 152 : File—SFM Meeting Minutes

United States Delegation Minutes, Fifth Meeting of the Foreign Ministers, New York, Waldorf Astoria, September 18, 1950, 5 : 50 p. m.

SECRET

SFM Min–5

MEMBERS

Mr. Acheson (US)
Mr. Schuman (FR)
Mr. Bevin (UK)

PRESENT

UNITED STATES	FRANCE	UNITED KINGDOM
Philip C. Jessup	Henri Bonnet	Sir Pierson Dixon
John J. McCloy	André François-Poncet	Sir Oliver Franks
Henry A. Byroade	Hervé Alphand	Sir Ivone Kirkpatrick
George W. Perkins	M. de la Tournelle	William Strath
	Roland de Margerie	W. D. Allen

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1. *East-West Trade.*

Mr. Acheson said he was most anxious for the Ministers to reach some arrangement for the definite negotiation and solution of the problem of East-West trade. It was a difficult question, one that had gone unsettled too long, and one that was troubling their relations. He would like to see all three powers recede from any extreme positions of the past and make the best compromise possible to settle this question, at least for a period of months. The Ministers should be able to agree on a set of general rules which could be implemented by the experts in Paris. The US had several peculiar problems in connection with this issue. We know that certain strategic goods had been shipped to the USSR in the recent past. We were in the position of denying exports to our producers and then having European countries export the same commodities. We were also being asked to ship certain commodities to Europe under MDAP when similar commodities were being exported from Europe to the Soviet bloc. In answer to the claim that the US I*b* list covered non-strategic items, he wished to point out that 40 percent of the non-munitions items shipped under MDAP are on the I*b* list.

Mr. Bevin replied that this had long been a difficult problem. There were some essential British imports not available elsewhere which the UK secured from the USSR. For instance, the UK still needed to import timber and wheat from the Soviet Union. This required them to offer certain exports. He was not informed about possible British shipments of items on the I*b* list but he felt that Prime Minister Attlee's statement the other day in Parliament had gone a long way toward meeting the problem.[1] Beyond that he was not clear what Mr. Acheson had in mind. Everything could contribute to war potential. In setting up controls it was necessary to establish not only a procedure but also a mechanism to take care of it.

Mr. Acheson said that he agreed the UK had recently taken decisions which, if applied, should solve the problem and he would be glad to settle the issue on this basis.

[1] For text of Prime Minister Attlee's statement in the House of Commons on September 12, which dealt *inter alia* with the export of strategic materials, see *Parliamentary Debates*, House of Commons, 5th Series, vol. 478, cols. 951 ff.

Mr. Bevin said that, unfortunately, the Government had apparently gone too far and was already under extreme attack. There was a very critical economic situation in the UK and any reduction in exports which led to a reduction in food imports or destroyed certain export industries would have a critical effect upon morale.

Mr. Acheson said that he was fully aware of these problems and merely sought to secure a reasonable agreement. The U.S. had proposed a set of rules (Int. Doc. 33 [2]), subject to negotiation and change, as a possible basis for a solution. He wanted to reach agreement on these principles and to then send a team of experts back to Paris to negotiate the details.

After some discussion of the various terms, Mr. Bevin said that the US document was too rigid and would need to be altered, at least with respect to paragraphs 2 and 4. It appeared to be more rigid than the statement made by Mr. Attlee. The British Delegation had itself attempted to draw up a set of principles, which he then circulated (Int. Doc. 39 [3]), designed to adjust the US and UK positions. These included provision for alleviating the effect of any export controls on the Western European economy. This was very important.

Mr. Schuman said that one of the difficulties in the present situation was that other countries were not agreeing with our present position. Goods were being exported from Switzerland and Sweden and some of the other countries. This seriously prejudiced the position of French exports bound by the present controls.

Mr. Acheson replied that there had been deviations in the past and there would continue to be some in the future. He sought to make the

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[2] Dated September 13, p. 1285.

[3] Document 39 read:

"1. The mutual security interest of the Western allies in the present world situation requires that their joint efforts to increase Western military preparedness be accompanied by effective export controls to limit the short term striking power of the Soviet bloc and to retard the development of its war potential in the longer term. This policy is consistent with the general objective of strengthening the West relative to the East.

"2. Strategic consideration should be predominant in selecting items for international export control and the opinion of military and intelligence advisers should be sought in assessing the strategic importance of items recommended for control.

"3. Officials of the three Governments should meet to prepare a list of key items in those industries which contribute substantially to war potential. The list should have regard to United States List Ib. At the same time, officials should consider the implications for Western European economies of extending controls to the items selected, and should recommend measures designed to ensure, with United States assistance if necessary, that the damage done to these economies is not disproportionate to the Security benefits obtained.

"4. The three Governments should inform the other participating countries of any additional controls which may be agreed, and urge on them the desirability of instituting the same controls, if necessary after discussion with the United States Government." (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

agreement as effective as possible, and certainly it would not be possible to get the other countries to agree to something beyond what the three powers were able to work out among themselves. He said he felt the past record had been bad. The US had been particularly embarrassed after defending the record of the British to have the UK Government announce that it had been exporting strategic materials. It was necessary for the three governments to face the question realistically and with complete honesty and frankness. The major difficulty with the British paper was that it did not establish useful principles to guide the work in Paris.

Sir Oliver Franks interrupted to say that he felt there were three distinct types of problems which arose on this question. First, you had those items which all agreed are strategic. Decisions recently taken by the UK puts them into a position to deal with items in this category. In the second place, the British are exporting quantities of what might be called engineering equipment to the USSR. Transportation equipment was a case in point. It certainly contributed to the Soviet ability to run a war, but on the other hand transportation equipment also fell into the realm of normal industrial trade. If Britain could not engage in trade in this general category, how would it manage to get wheat, timber, etc., from the USSR? Here was a case in which the US and UK looked at the problem quite differently, and a set of general rules might not be helpful. Finally, there was the category of goods which the UK was receiving under MDAP when exactly similar items were being exported to the USSR. This was too embarrassing to go on with. The US had brought it up and it was incumbent upon the UK to settle the problem. The entire problem under discussion concerned items in the second category.

Mr. Acheson said that he agreed entirely. The Foreign Ministers had to face the problem and give some general directives, after which the experts could work out the exact list. The items which fell into Sir Oliver's second category had to be analyzed in terms of Soviet needs and decisions reached on that basis. The US was only suggesting a selection of those commodities from the Ib list which were most critical to the Soviet economy. The reduction on British exports of certain of those commodities did not mean the loss of British trade.

Mr. Bevin said his real fear had always been that if you destroyed a part of this export trade you destroyed a part of your imports. If this was done, he saw no other way to meet critical British needs. He asked if the other Delegations did not have experts present who could sit down immediately and look over the US and UK papers to see if there was any range of agreement.

The three Ministers agreed that they would appoint experts who would meet at 9 o'clock the next morning to review the question and report back to the Ministers.[4]

2. *Migration:*

Mr. Acheson said that the next item on the agenda was the report to the Ministers on the question of migration (Int. Doc. 16[5]). It was just a report and he felt the Ministers could accept it and agree to designate the officials to continue work on this subject without any discussion.

Mr. Schuman agreed, but said he merely wanted to underline the cost of transportation factor in the report.

In response to an inquiry from Mr. Bevin, Mr. Acheson said that the US had no objection to having other interested governments informed of this report, but that it was strongly opposed to any publication. (Privately the British indicated they had been under pressure from Italy on this question and saw no way to meet the problem other than to inform all consultant governments of the report.)

3. *Yugoslavia:*

In turning to the question of Yugoslavia, Mr. Acheson said he wished to stress the present desperate situation in Yugoslavia resulting from the recent drought. Because of the urgency of this situation and to meet the general Yugoslav economic problem, the US wished to propose that: (1) the US, UK and France support the $30 million German credit and agree to review further Yugoslav needs at a later date; (2) the UK and France agree to accommodate Yugoslavia on essential exports, even if Yugoslavia fell behind on its commitments as a result of the drought situation; (3) the three powers review at a later time the entire Yugoslav question; (4) the UK and France support the pending loan before the International Bank.[6]

Mr. Bevin said that he was without any instructions to cover Mr. Acheson's second recommendation. In any case, he did not feel that the matter would arise for some time since Yugoslavia still had a 13 million pound credit which had not been taken up. He had no objection to the other points and certainly at no time had the British Gov-

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[4] The records of the Foreign Ministers meeting do not indicate exactly what happened to the papers on East-West trade. There is no record of an experts' meeting on September 19, but there exists a Document 40, "Agreed Minute on East-West Trade," which presumably resulted from discussions by the experts and was approved by the Foreign Ministers. For its text, see p. 1300.

[5] Not printed.

[6] The U.S. position on economic assistance to Yugoslavia, set forth in Document 17 [D–5/2], dated September 9, not printed, was identical with points 1, 2, and 4 presented in this paragraph by Secretary Acheson (CFM Files: Lot M–88: Box 152: SFM Documents 1–40). Further documentation on U.S. relations with Yugoslavia is scheduled for publication in volume IV.

ernment or High Commissioner placed any objection to the German loan.

MR. SCHUMAN said that his Government would agree to support the $30 million German credit and that French representatives on the IBRD would be as helpful as possible.

MR. BEVIN noted that the real problem was the question of finding food for Yugoslavia in the face of the drought and he had no answer to this.

4. *Germany:*

MR. ACHESON said that brought the Ministers to consideration of the German papers, the first of which was the report of the International Study Group.[7] He considered the work of this group an extraordinary achievement and he wished to have recorded in the minutes the appreciation and thanks of the three Ministers. Mr. Bevin and Mr. Schuman agreed. Mr. Acheson said that he hoped the papers which had been referred to the Ministers could all be accepted as they had been agreed by the various working groups and that the Ministers would only need to take up the three disagreed points.

5. *Steel Production Level:*

MR. ACHESON said that the first problem was with reference to the text of paragraph 2 of the proposed agreement on PLI (Int. Doc. 37 [8]) on which the High Commissioners had recommended one text and the British and French governments had suggested a revision.

MR. BEVIN said that any formal change in the approved level of steel production would create great problems in the House of Commons and in other countries. He felt that the Ministers should make an effort to keep the other countries with them.

MR. SCHUMAN stated that he was not in favor of changing the established ceiling on steel production because of the difficulties it would involve. As a matter of fact, Germany at its current rate of production is already over the proposed 12 million ton annual ceiling. He agreed that Germany must make an increased effort, but felt that this should not be expressed by a figure. It was impossible to establish any agreed measurement at this time and it was therefore necessary to set forth a sliding scale. He was willing to accept the text proposed by the High Commissioners and supported by the US but only if it was understood that the High Commissioners would make decisions on this point by unanimous agreement among themselves. Otherwise, he felt too much power was being given the High Commissioners. He insisted for domestic political reasons that this statement of unanimity be

[7] Dated September 4, p. 1248.
[8] Indicated in the footnotes to Document 37 (Final), p. 1286.

written into the text and not left as a secret agreement, but he assured the other Ministers that he made this proposal in all good faith in an effort to help.

Mr. Bevin said that he was also prepared to accept the US proposal, and that was agreed, subject to the amendment "by unanimous decision" in paragraph 2.

6. *Berlin:*

Mr. Acheson said the next paper was the one on Berlin. As he understood it, the Ministers were in agreement on paragraphs 1 through 5, but that the UK and France objected to paragraph 6 until it had been cleared with their governments. The US was willing to withdraw paragraph 6 provided Mr. Bevin and Mr. Schuman would take prompt steps to clear this matter with their governments for later agreement.

Mr. Bevin and Mr. Schuman agreed.

Mr. Acheson said there were two points in the Berlin paper which he wished to call to the attention of the Ministers so that they could explore the issues involved. The first was with regard to paragraph 1 on building up Berlin stockpiles. On this some 347 million DM had been estimated as the requirement for nonperishable food stocks. The figure on coal had been 18 million DM which the US had already covered. The US was also willing to contribute on the question of food, but it definitely could not meet the full amount. On the question of strengthening Allied forces covered in paragraph 4, Mr. Acheson said he wanted to report that the US would get its additional regiment to Berlin about January 1. He felt that if the French and British governments could possibly get there ahead of us it would be helpful for all concerned.

7. *German Communiqué:*

Mr. Acheson stated that the 6th and 8th paragraphs of the draft communiqué were still not agreed. In order to meet this, he had prepared and circularized proposed substitute paragraphs.[9]

After reading the proposed substitute, Mr. Schuman said that he was bothered by the fact that the statement on German participation in the defense of the West went beyond the text of the communiqué released by the NATO Council.[10] They should be expressed in similar terms. It was also the French desire not to prejudice any final action by the NATO Council which he hoped could be announced next week.

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[9] No copies of these proposed paragraphs have been found in Department of State files.

[10] For text of the North Atlantic Council communiqué, September 18, released to the press on September 19, see Department of State *Bulletin*, October 2, 1950, p. 533.

It was also important not to make any mention of possible talks with the High Commissioners until after they had taken place.

Mr. Bevin agreed to these changes provided it was clearly understood that the omission of the reference about the High Commissioners did not in any way prejudice the right of the High Commissioners to explore this question with Adenauer.

Mr. Schuman agreed that, despite the omission from the communiqué, it was understood the High Commissioners could discuss the question of German participation.

The Ministers agreed to the language proposed by Mr. Schuman and agreed to the German communiqué.

8. *Claims:*

Mr. Acheson referred to the paper on principles relating to claims (Int. Doc. 37), stating that the British had previously expressed their agreement to this paper, but Mr. Bevin was now under instructions which made it impossible for him to accept the draft. The question was one of certain outstanding claims against Germany. The US wanted to secure German recognition of the obligation and then go ahead and settle the claims. It was obviously impossible to ask the Germans to repay when they did not have the money. It had actually been the US understanding that this had been settled on June 28 in an exchange with the British.

Mr. Bevin explained his position as requiring a statement of a German "obligation to repay". He admitted that the three powers would never get the money, but he was in a position with respect to the House of Commons where it was essential that he secure more than an admission of an obligation. It had to be an obligation to repay.

After some discussion of various phrases, Mr. Acheson said that since Mr. Schuman was on his side, he would be glad to refer the issue to him as an arbiter.

Mr. Schuman stated that he was not directly involved in this question, but that he was very anxious to see it settled in order to make possible the agreement on liberalization of controls which was tied to this proposal. He suggested the terminology "acknowledge the debt", which Mr. Bevin and Mr. Acheson accepted.

The Ministers agreed to the terms of the interim [*final?*] communiqué [11] and agreed to meet with the Benelux representatives at 11:30 a. m., September 19, to discuss the proposed German agreements. It was further understood that there would be no publicity on the communiqués until after the meeting with the Benelux representa-

[11] No text of a second interim communiqué was found in the Department of State files. For the text of the final communiqué, see Department of State *Bulletin*, October 2, 1950, p. 530.

tives. It was agreed that prior to that meeting the High Commissioners would get in touch with Chancellor Adenauer and inform him of the terms.

The meeting adjourned at 8:20 p. m.

CFM Files: Lot M–88: Box 152: File—SFM Minutes

United States Delegation Minutes, Meeting of the American, British, and French Foreign Ministers With the Belgian, Netherlands, and Luxembourg Foreign Ministers, New York, Waldorf Astoria, September 19, 1950, 11:30 a. m.

SECRET
SFM Min–6

MEMBERS

Mr. Acheson (US)
Mr. Van Zeeland (Belgium)
Mr. Schuman (France)
Mr. Bech (Luxembourg)
Mr. Stikker (Netherlands)
Mr. Bevin (UK)

PRESENT

UNITED STATES	FRANCE	UNITED KINGDOM
Henry A. Byroade	M. François-Poncet	Sir Ivone Kirkpatrick
John J. McCloy	Roland de Margerie	Sir Pierson Dixon
Philip C. Jessup		Sir Oliver Franks
George W. Perkins		

MR. ACHESON opened the meeting by reviewing the decision taken by the Ministers in London last May to establish the International Study Group to review certain questions bearing on Germany. He recapitulated the consultation which had taken place during the summer in London between the heads of the delegations to the ISG and the Benelux representatives on various issues concerning claims, termination of the state of war, etc., which had been before the ISG. He said this work had been reviewed in New York and further decisions reached, and it was now the desire of the three Ministers to review their discussions with the Benelux Foreign Ministers. The decision taken included the following:

1. *Termination of the state of war.* The three powers had agreed to announce their intention to terminate the state of war with Germany. While each one had slightly different internal problems to work out, they had agreed that their final action would be more or less simultaneous.

2. *Review of Occupation Statute.* It had been agreed that certain changes would be made in the provisions of the Occupation Statute,

although the Allied occupation would be maintained and Allied controls retained. Germany was to have a Ministry of Foreign Affairs, but under the supervision of the occupation powers.

3. *Clarification of Questions concerning Claims and Foreign interests in Germany.* The ISG was being given a directive to continue work on this subject.

4. *German police.* The Ministers had agreed to establish a police force on a *Land* basis subject to certain federal controls.

5. *Revision of PLI.* This was to be restudied and meanwhile controls on shipbuilding and steel production had been relaxed.

6. *Berlin Security.* The three powers had reached agreement covering measures for the security of Berlin, including increasing the stockpile, building up the strength of Allied troops, and holding the Soviet Union responsible for any move by the Soviet-dominated Eastern German Government against Berlin or Western Germany.

Mr. Acheson then passed out the agreed tripartite communiqué and the communiqué on Germany [1] and suggested that the Benelux Ministers might wish to read it and to raise certain questions.

Mr. Stikker said it was difficult to express any opinion about the communiqué at this time without having been present during the deliberations. He mentioned the fact that the ISG was to continue and said that, as he had previously pointed out to the US, UK and French Ministers, the Benelux powers were somewhat disappointed at the degree of consultation which they had had with the ISG. The only question he had concerned a paper which he had seen on the claims question, which was very important to the Netherlands Government. He wanted to know the status of this proposal and whether in the course of further ISG work it would be possible for the Benelux powers to participate in the discussion and settlement of the issue.

Mr. Acheson said that the Ministers were giving the ISG a statement of principles on the claims question and a directive to continue their work on this problem. The Benelux countries would certainly be consulted in this matter. He then passed out the statement on "Principles Relating to Claims" (Int. Doc. 37 Revised).[2]

Mr. Bevin pointed out that it had been agreed that this statement would not be released to the press and that there would be no publicity concerning it.

Mr. Stikker said that he could not comprehend the very technical language of this document at one reading but that he wanted to be very clear in his own mind before returning to face his Government as to just how this affected possible Netherlands claims.

Mr. Acheson replied that what the Ministers had done was to give the ISG a statement of principles and to tell the ISG to continue to

[1] See Document 37 (Final), p. 1286.
[2] *Ibid.*

explore the whole claims question in the light of these principles. It would be entirely possible for the Benelux powers to bring any issue before the ISG for its consideration. In response to a question from Mr. Van Zeeland, Mr. Acheson said that it had not been intended to increase the size of the ISG to include Benelux representatives, but the Benelux powers were being informed, could submit papers and proposals to the ISG, and could consult with that Group at any time. The three occupying powers needed all the assistance they could get in settling this question.

Mr. Van Zeeland then asked about the exclusions from the scope of the paper which were contained in paragraphs 5 and 6.

Mr. Schuman said this excluded these issues only from the standpoint of this particular study. They were not rejected definitely and finally. It was the view of the occupying powers that these were questions for a peace treaty. In the present agreement they were dealing with the subject of claims as understood in private law as issues which could be settled at this time.

Mr. Acheson agreed with this statement and noted that the plan was provisional. It was an effort to deal with those issues which could be dealt with, but without prejudice to other issues. He confirmed a a statement by Mr. Stikker that this was not a final binding agreement. All work of the ISG must subsequently come before the Ministers. If the Benelux powers could convince the ISG that any changes were necessary, including changes in the principles just agreed upon, they would be referred back to the Ministers.

In response to a question from Mr. Bech as to what the new level of steel production might be, Mr. Acheson said that the agreement was to deduct that part of German steel production used for defense of the West from the total counted under the present ceiling limit. There was no change in the ceiling.

Mr. Stikker expressed the appreciation of the Ministers in receiving the Benelux representatives and Mr. Acheson expressed the appreciation of the US, UK and French Ministers for the courtesy of the Benelux representatives in coming to the meeting.

The meeting adjourned at 12:45 p. m. and the US, UK and French Delegations agreed that the communiqués would be released at 1:00 p. m.[3]

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[3] The United States Delegation summary minutes of the meeting with the Benelux Foreign Ministers are in CFM Files: Lot M–88: Box 152: Sum Mins. A report on the meeting was transmitted to Washington in Secto 34, September 19, from New York, not printed (*ibid.*, Box 153: Secto & Tosec telegrams).

740.5/9–2059 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET PRIORITY NEW YORK, September 20, 1950—11 : 14 p. m.

Secto 36. Personal for the President from Acheson.[1] Since my telegram to you of September 14,[2] we have kept you informed of developments from day to day both on NAT and the meetings of the three Ministers and the GA. This telegram attempts to give you some impressions of my own from these various meetings.

1. In the first place in the NAT Council our discussion there, as I thought would happen, did not end on Saturday and had to go over to Monday.

Out of these discussions came these general conclusions, one of which at least represents a change of position.

The French throughout the meeting merely reiterated views which I reported to you before, and I think made clearer than before the fact that the difficulty lay in Paris and, specifically in the Socialist Party and even more specifically with Moch.[3] As a result of the discussions and the views of all the other Ministers, Moch will be here tomorrow. The British are also bringing Shinwell,[4] who because of his Socialist convictions has influence with Moch.

The British did change their position as a result of communication with London. They are now prepared to accept the principle of German participation in a united defense force and to work out the details as speedily as possible.

So far as the rest of the countries were concerned, although we started out with varying degrees of hesitation, I think we ended up with very little doubt indeed that all of these countries accepted the principle and would join in its application.

However, as the discussion went on, it became clear that in some cases, Norway and Denmark, for instance, and Portugal to a minor extent, the implications of a united force had to be very carefully considered. Their geographic position made it clear to them that they will want to be sure how much of their own force would be retained for the defense of their own country and how much would be used for general operations on the continent. They also wanted to know to what extent the supreme commander would direct his strategy toward defending their particular countries. Of course, no one could

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[1] In the top margin of the source text was the handwritten notation: "Copy to W[hite] H[ouse] Sept 21 12 noon."

[2] Regarding Secto 8, see footnote 1, p. 1229.

[3] Jules Moch, French Minister of National Defense.

[4] Emanuel Shinwell, British Minister of Defense.

answer this latter question. Therefore, they wanted to consult their governments, which is wholly understandable.

The result of our meetings is that during the recess all of us will consult our governments and one another and will meet again next week. At that time I think the idea of an integrated force will be accepted by all and that the idea of German participation in it will be accepted by all except France, unless our discussions in the next few days with Messrs. Moch and Shinwell bring about a change. As to the chances of this change, the various European Ministers assure me that they believe that the French will be able to alter their position in a matter of a few weeks; whereas McCloy hears from the French that Moch is coming over here in a very negative attitude of mind and will be hard to deal with.

As I analyze this situation, it seems to me that we should clearly differentiate in our minds what we can get the French to agree to in extreme secrecy and what we can say about the situation both in the supposed secrecy of the Atlantic Council and in the communiqué. I should advise that we press the French very hard in private and that we should be as moderate as possible in public. McCloy shares this view thoroughly. He believes that the immediate future is very critical in Germany and that the High Commissioners must have enough leeway to talk with Adenauer in a constuctive and not in a negative way. It seems to me that we cannot accept any French position which puts us back to the position of the twenties, when we were adamant in not making any concession to the Germans who were on our side, and then yielded under pressure to the Germans who were against us. If, however, the French will tell us they will enter on a program I do not think we should push them too far in public confessions.

2. In the meetings of the three Ministers which followed the NAT Council on Monday afternoon and Tuesday morning we really made great progress. Aside from the military side of Germany mentioned above, we reached agreement on all German questions and the High Commissioners are well armed to move in useful and forward looking directions in Germany.

Also, after a somewhat bitter battle regarding East-West trade, I think we got agreement which carried out fully the decisions of the NSC approved by you as to my attitude in these talks.[5] I think the British are going to move and move quickly and constructively.

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[5] Indicated in text of NSC 69/1, dated August 21, 1950, Export Controls and Security Policy, scheduled for publication in volume IV.

3. In the GA, it seems to me that yesterday and today were most successful.[6] The question of seating the Chinese Communists was brought up at the outset and I think handled in a way that showed we had the utmost resistance to any sort of pressure but that we were quite willing to discuss this matter in an orderly way bringing out all aspects of the problem and not attempting to dictate to anyone. This seemed to make a favorable impression as against Soviet attitude, and it certainly attracted the votes. As to the future course, I am being governed by the discussions which you and I have had before on this subject and I am trying to use the discussions on seating the Communists not as an end in itself but as a means to preserve peace with China, prevent an attack on Formosa, and to bring about the sort of a solution which you have been advocating in Korea. I think this can be done if our Republican friends are not permitted to drive us into extreme positions.

Today, aside from the election of officers, the important business was the beginning of the general discussions. I spoke at the opening, outlining the points which you have approved. I think the program we outlined and the moderate way in which it was done made a favorable impression. I say this not merely because of the comments made by the friendly delegations, but because of the effect that it made on Vishinsky. He was scheduled to speak tomorrow morning. He asked to have the order changed so that he could speak this afternoon. It seemed to be quite clear that he was not willing to give us twenty-four hours lead because he was troubled by what we had done. His speech also showed that he was troubled. He definitely was off balance. The program he put out was a rehash of every suggestion which the USSR has made for four years. It made exactly that impression on the delegates.

I think I can tell you that the first two days of the GA have gone well.

Please let me have your thoughts either directly or through Webb whenever you think that what we are doing needs molding or direction in view of the problems with which you are dealing, or whenever you think we are not carrying out your wishes.

I talked with the General [7] over the telephone today, and it seemed to me like old days once more.

ACHESON

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[6] For a record of the General Assembly sessions on September 19 and 20, see United Nations, *Official Records of the General Assembly*, Fifth Session, Plenary Meetings, pp. 1–34.

[7] Undoubtedly a reference to Gen. George C. Marshall, who had just been appointed Secretary of Defense.

DOCUMENTS DISCUSSED BY THE FOREIGN MINISTERS

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Report of the Intergovernmental Study Group on Germany [1]

CONFIDENTIAL

LONDON, September 4, 1950.

IGG(50)127 Final

INTERGOVERNMENTAL STUDY GROUP ON GERMANY

REPORT TO THE FOREIGN MINISTERS

The Study Group submits to the Ministers of Foreign Affairs the following reports on the various items in its terms of reference:

1. Reports on the revision of the Occupation Statute:
   (*a*) Substance
   (*b*) Form
2. (*a*) Formula regarding the legal status of the Federal Republic and interpretative minute.
   (*b*) Report on the status of treaties of the former German Reich.
3. (*a*) Report on Claims.
   (*b*) Report on other Economic and Legal issues arising out of the war.
4. Report on the Termination of the State of War.
5. Report on the implementation of Articles 18 and 19 of the Ruhr Agreement.
6. Report on the definition of German co-operation required to warrant the relinquishment of controls.

The recommendations made in these reports are based upon the following principles laid down by the Ministers in their declaration of the 14th May, 1950:—

(i) It seems necessary to enable a new phase to be opened in the relations between Germany and the Allies by building up the prestige and authority of the Federal Government and by considerably reducing the controls to which that Government is still subject. These controls should themselves be reduced to the minimum which is indispensable in order to safeguard the security and basic purposes of the occupation.

(ii) In building up the powers and prestige of the German Government, the framework of the occupation regime, based on supreme authority, should be respected. Relations between the Germans and the Allies should, therefore, continue to be governed by a Statute of an imposed, and not negotiated, character. The occupation cannot be placed on a contractual basis.

[1] Attached to the source text was a cover sheet, dated September 7, not printed, which indicated that this paper was designated Document 15 [D–3] when it was submitted for the consideration of the Foreign Ministers. Another copy of the report in file 396.1–ISG/9–550 bears the signature of Massigli, Gainer, and Holmes, the representatives to the Study Group of France, the United Kingdom, and the United States, respectively. The report was discussed by the Ministers at their third and fifth meetings on September 13 and 18.

(iii) It is necessary to bring relations between Germany and the Allies back to normal, by eliminating the consequences of the state of war, on the understanding that the measures proposed should not be capable of being interpreted, in any way, as constituting a separate peace settlement with Western Germany.

In the preparation of its report, the Study Group has had the benefit of a large body of information prepared by the Allied High Commission concerning its experience under the existing Statute, as well as the views of the High Commission on measures which would have to be taken in certain cases to permit controls to be relaxed.

The Study Group has met with representatives of the Benelux countries from time to time to inform them of the progress of the work and to solicit the views of the Benelux countries with respect to certain matters of particular concern to them.

In view of the decision to convene a meeting of the Ministers in mid-September, it has been necessary to complete a report by the beginning of the month, thus shortening the period available to the Study Group by some weeks. In spite of the short time available, the Study Group has been able to discuss in substance all of the subjects referred to it, with the exception of the question of foreign interests in Germany. The Study Group has been able to submit agreed recommendations on all items of its Agenda, except certain points on the Occupation Statute and claims against Germany (see attached list). The recommendations, therefore, represent a wide area of agreement.

I. *Summary of the Study Group's Recommendations.*

(*a*) *Occupation Statute.*

Separate reports are submitted on this item. The first is solely concerned with questions of substance and enumerates the points on which a reduction of Allied Powers, and an extension of the powers and competence of the German authorities, could be recommended.[2] The second concerns the form which the proposed changes of substance might take, and on this it has not been possible to submit agreed conclusions.[3] This is a point of particular importance, to which the special attention of Ministers is drawn.

The recommendations of the Group in effect profoundly alter the present Allied powers and amount to a considerable increase in the powers and competence of the German authorities. Among other things they would give the Federal Government wide powers in the field of foreign affairs and enable it to establish diplomatic relations with other countries of the free world. They would also provide for drastic reduction of controls in the internal field. It is essential to

[2] IGG (50) 98 Final, attachment 1*a*, p. 1255.
[3] IGG (50) 125, attachment 1*b*, p. 1264.

obtain the benefit of any decisions that may be taken on these lines by giving them the best possible presentation from the viewpoint of German public opinion. The Study Group nevertheless recognizes that the method of such presentation raises difficulties, in view of the fact that in most cases Allied powers can be abandoned only in part or conditionally.

Two forms of revision have been proposed: the French and United Kingdom Delegations suggest a new revised Statute, accompanied by a declaration enumerating, in a positive manner, the new powers of the Federal Government. The United States Delegation has expressed its preference for altering the Statute by an instrument of revision which would set forth only the restrictions to be made in Allied powers or the areas in which the competence of the German authorities would be enlarged.

It has been agreed that each Delegation should prepare drafts on the basis of these two forms of revision, in order to enable the Ministers to reach a conclusion.

(*b*) *Status of the Federal Republic and restoration of normal relations with the free world.*

The Study Group has submitted a series of recommendations which, taken together, would provide a basis for the resumption, as far as possible, of normal relations between the Federal Republic and the countries of the free world.

(i) *Status of the Federal Republic.*

The Study Group has agreed on a formula defining the attitude of the three Governments vis-à-vis the Federal Republic and also an interpretative minute defining exactly the scope of this formula.[4] This formula has been drafted in a way calculated to reinforce the prestige and authority of the Federal Government to the maximum extent possible whilst avoiding the considerable difficulties which would be raised, both from the point of view of the powers of the Occupation authorities and from that of relations with the U.S.S.R., by a recognition of the Bonn Government as the *de jure* government of all Germany. The formula also enables the Federal Republic to assume, on a provisional basis and with due regard to the limited territorial scope of its authority, the rights and obligations of the former Reich.

(ii) *Treaties*

In regard to the Status of the treaties of the former German Government, a proposal for a practical solution has been made, under the terms of which the various interested governments, as well as the Federal Government, would be invited to declare which of the treaties they would like to see revived.[5] It would then be for the High Commission, after consultation with the Federal Government, to declare the treaties in question applicable to the Federal Republic.

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[4] IGG (50) 103 Final, attachment 2*a*, p. 1266.
[5] IGG (50) 115 Final, attachment 2*b*, p. 1267

(iii) *Claims*

It is also recommended that the Federal Government should assume responsibility for the pre-war external debt of the former German Reich.[6] This would establish a basis for the provisional settlement of these obligations as part of a more general arrangement on claims. The Study Group has, however, been unable to submit agreed recommendations on a plan for dealing with Claims. Although there was agreement on certain aspects of the problem, it was not possible to agree on the basic question of the scope of the plan.

(iv) *Termination of State of War*

The Study Group considered that the formal continuation of the state of war with Germany in Allied municipal law constituted one of the principal obstacles to the integration of the German Federal Republic in the Western community. The Study Group recognised that, in view of the unconditional surrender and the assumption of supreme authority in regard to Germany, it was sufficient for the various Allied countries concerned to take the necessary action in municipal law, in order to settle this problem.[7] It is accordingly recommended that such action be taken by the three Occupying Powers. It is hoped that this would be followed by similar action by other friendly powers.

Under the legal system in the United States, special problems arise in connection with the termination of the state of war with Germany. These are being investigated. If they cannot be solved, the United States may find it difficult to terminate the state of war without some qualification or limitation.

It should be emphasized that the termination of the state of war in the manner recommended above in no way affects the obligations of Germany nor the rights and powers of the Occupying Powers, and does not prejudice the peace settlement.

(*c*) *Articles 18 and 19 of the Ruhr Agreement.*

The Study Group has examined the question of the transfer of powers contemplated on Articles 18 and 19 of the Agreement establishing the International Authority for the Ruhr. It came to the conclusion that it was premature to reach a decision on this matter.[8] It should be pointed out that the Study Group's recommendations do not include any change in the provisions of the Occupation Statute concerning controls in regard to the Ruhr. The question of transfer therefore remains reserved for later examination.

The various recommendations outlined above are all inter-related and constitute a single programme.

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[6] IGG (50) 113 Final, attachment 3*a*, p. 1268.
[7] IGG (50) 93 Final, attachment 4, p. 1271.
[8] IGG (50) 76 Final, attachment 5, p. 1272.

II. *Implementation of the Group's recommendations.*

The Study Group recognise that the programme outlined above should not be implemented until the Germans have given concrete proof of their good-will.

The measures of co-operation required of the Germans may be subdivided as follows:

(i) those involving undertakings e. g. in the case of equitable treatment of foreign nationals, Displaced Persons, and refugees and with respect to the Claims question;
(ii) those involving specific action, which would constitute a prerequisite for the abandonment of controls in certain fields.

The Study Group considers that the undertakings referred to in (1) above should be embodied in an agreement on the Petersberg model.[9] It would be desirable that these undertakings be endorsed by the Federal Legislature, so as to make clear their binding character on the Federal Republic.

Every precaution should be taken to avoid giving the impression that the agreements constitute a first step in the direction of a negotiated Statute on the lines requested by Chancellor Adenauer in his recent memorandum.[10] There should be no change in the present Statute before the Federal Government has given the above-mentioned undertakings. When these undertakings have been given the revision of the Statute will come into force. The reserved powers will be relinquished to the extent recommended in the various fields independently of one another, as and when the conditions laid down have been fulfilled.

It will be necessary for Ministers to determine when announcements shall be made of the terms of the revision of the Statute, and any other decisions to be made public.

III. *Additional Decisions Needed From the Ministers.*

(*a*) In the light of the recommendations which have been made by the Study Group, it is recommended that the Governments of the Occupying Powers review the Agreement on Tripartite Controls and the Charter of the Allied High Commission.[11]

(*b*) There has as yet been no review of the Statement of Principles Governing the Relationship between the Allied Kommandatura and

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[9] For text of the Petersberg Protocol, dated November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

[10] Of August 29; scheduled for publication in volume IV.

[11] For text of the Agreement as to Tripartite Controls, see *Foreign Relations*, 1949, vol. III, p. 181; for the text of the Charter of the Allied High Commission, see *Germany 1947–1949: The Story in Documents* (Washington, Government Printing Office, 1950), pp. 398–406.

Greater Berlin.[12] The Study Group also recommends that the Ministers charge the High Commission with the review and revision of the Berlin Statement of Principles in the light of the decisions taken with respect to the Occupation Statute for the Federal Republic. The following principles should guide the High Commission in its work.

(i) For political reasons, the revisions of the Occupation Statute should be followed to the maximum extent possible in the Berlin Statement of Principles, while taking into account the special considerations arising out of Berlin's position.

(ii) The reserved powers in the Statement of Principles which are not in the present Occupation Statute should also be revised so as to grant the maximum freedom to the Berlin City Government and people consistent with the special considerations mentioned above.

(*c*) The U.S. and U.K. Delegations recommend that the Foreign Ministers should consider what action should be taken in regard to the Agreement on Prohibited and Limited Industries, with reference to which the U.S. Delegation has submitted a proposal which is attached.[13] The French Delegate stated that he would inform government of the recommendation and of the proposal.

IV. *Further Work.*

The attention of the Ministers is called to the fact that a certain number of questions raised in the present report are to be the subject of subsequent and more detailed study. In addition, the recommendations submitted by the Study Group involve decisions of principle which, if adopted, would require implementation. They would constitute directives to whatever bodies were charged by the Ministers with the further work required to place the recommended programme into effect.

The following recommendations of the Study Group require further work, at least initially, on the governmental level:

1. Preparation of a revised Occupation Statute or instrument of revision.
2. Further study of reserved power over foreign interests.
3. Drafting of German undertakings with respect to debts.
4. Preparation of a plan for handling claims.
5. Preparation of notifications concerning former German treaties.
6. Review of Agreement on Tripartite Controls.
7. Review of Charter of the Allied High Commission.
8. Implementation of Article 18 and 19 of the Ruhr Agreement.

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[12] For text of the statement of principles, see *Germany 1947–1949: The Story in Documents* (Washington, Government Printing Office, 1950), pp. 324–326.

[13] For text of the Prohibited and Limited (Restricted) Industries Agreement, see *ibid.*, pp. 266 ff. For the text of the United States proposal, see IGG (50) 108, unnumbered attachment, p. 1275.

In cases where further study at governmental level is not required, implementation of the Ministers' decisions should, unless otherwise indicated in the Study Group's recommendations, be undertaken by the High Commission. With respect to items 6 and 7, there should be close consultation with the High Commission.

If the Ministers decide that the Agreement on Prohibited and Limited Industries should be reviewed, this subject should also be dealt with on the governmental level.

[Annex]

List of Points on Which It Was Not Possible To Reach Agreement in the Study Group

CONFIDENTIAL LONDON, [September 4, 1950.]

IGG(50)127 Annex

1. *Restitution:* The French Member considers that the exercise of reserve powers in the fields of external and internal restitution should cease simultaneously. The U.S. and U.K. Members recommend that the reserve powers be terminated as soon as existing programmes are completed. The French and U.K. Members urge that the term "cultural property", in respect of which special arrangements are proposed, should be interpreted in a wide sense. The French member also recommends that the General Claims Law be applicable to non-residents.

2. *Reparations:* The French Member has entered a reservation stressing the psychological and political difficulties which would be raised by the omission of the word "reparations" in the revised Statute. The U.S. and U.K. Members recommend omission of this item, subject to retention of a strictly limited power for dealing with certain outstanding problems.

3. *Foreign Affairs—General:* The French and U.S. Members recommend the maintenance of the reserve power in this field but agree to delegate substantial powers to the Federal Government. The U.K. Member recommends the definite transfer of this power to the Federal Government subject to certain reservations. The reservations themselves are agreed by the Study Group with the exception of the following point.

4. *Foreign Affairs—Diplomatic Representatives to Occupying Powers:* The French and U.S. Members recommend that the Occupying Powers should not receive diplomatic representatives from the Federal Government, but official agents whose task will be limited to Matters of a non-diplomatic nature. The U.K. Member believes that

the Federal Government should be allowed to appoint diplomatic representatives to the Occupying Powers; but these representatives would not deal with matters affecting the High Commission.

5. *Foreign Trade:* The French and U.K. Members recommend that powers be retained to secure observance by the Federal Republic of the principles of the General Agreement for Trade and Tariffs while Germany is not a member of the General Agreement for Trade and Tariffs or any successor body. The U.S. Member recommends that powers in this respect should only be retained until the Federal Republic becomes a Member of the General Agreement for Trade and Tariffs and assumes its obligations.

6. *Form of the Revised Occupation Statute:* The French and U.K. Members recommend that a new Occupation Statute be issued giving effect to the changes now proposed. The U.S. Member recommends an instrument of revision modifying the existing Statute and setting forth the changes in positive form.

7. *Claims—Settlement Plan:* The U.S. Member recommends that the Settlement Plan should deal only with external public and private debts arising out of pre-war obligations. The French Member proposes that the Plan should also deal with the settlement of certain wartime claims. The U.K. view is that the post-war economic assistance claims of the Government should be included in the Settlement Plan as well as compensation in local currency for war damage to United Nations property in Germany.

8. *Claims—Occupation Costs:* The U.S. Member proposes that these should be deferred until the general Peace Settlement. The French and U.K. Members consider that the matter should be discussed by the Foreign Ministers.

[Attachment 1*a*]

Report of the Intergovernmental Study Group on Germany on the Occupation Statute [14]

CONFIDENTIAL London, September 1, 1950.

IGG(50)98 Final

The Inter-Governmental Study Group on Germany submits to the three Foreign Ministers the following recommendations on the substance of the Statute:—

1. *Preamble.*

No change of substance should be made.

[14] Attached to the source text was a cover sheet, dated September 4, not printed, which indicated that this report was approved at the 8th plenary meeting of the ISG.

2. *Paragraph 1.*

No change of substance should be made.

3. *Paragraph 2 (Preamble).*

A reference to "the basic purposes of the occupation" and the right to request and verify information and statistics needed by the Occupation Authorities to carry out their functions under the Statute should be retained. This power will be exercised only for ensuring the basic purposes of the occupation.

4. *Paragraph 2(a).*

No change should be made.

The United States Delegation have put forward certain proposals for alterations in the Prohibited and Limited Industries Agreement, and further reserve the right to make proposals concerning the delegation of certain existing functions of the Civil Aviation Board to the German authorities.

5. *Paragraph 2(b): Controls in regard to the Ruhr.*

The Study Group think it expedient to retain the existing wording respecting controls in regard to the Ruhr for the time being in order to carry out the provisions of the Agreement on the Establishment of an International Authority for the Ruhr.

6. *Paragraph 2(b): Restitution.*

The reserved power should be terminated when the Occupying Powers and the Federal Government have completed the action set forth in Annex A.

[U.S./U.K.: Pending termination of the power, the Occupying Powers should limit their exercise thereof as indicated in Annex A.] [15]

[Fr: The French Delegation considers necessary that the exercise of Reserved Power in the fields of Internal and External Restitution should cease simultaneously.

It is understood that the principle of the right to Restitution remains unchanged until the peace settlement.]

7. *Paragraph 2(b): Reparations.*

The programme for deliveries of capital equipment and merchant shipping will be completed in all Zones by the end of 1950 and the draft High Commission law on divesting of title to property taken under these programmes and as German external assets, should have been enacted by that time. The disposal of foreign issued securities and currencies of German ownership located in Germany and the settlement of title and other matters connected with external assets now vested in the German External Property Commission cannot be completed for some time.

[15] The brackets in this and the following attachments are in the source texts.

The United States and United Kingdom Delegations accordingly recommend that a strictly limited power be retained for the sole purpose of dealing with these matters.

The French Delegation stress the psychological and political difficulties which would be raised by the omission of the word "reparations" in the revised Statute. They consider that there would in fact be a risk of its omission being interpreted as a renunciation of an ultimate validation of Allied rights at the time of the peace settlement.

8. *Paragraph 2(b): Decartelisation and Deconcentration.*

Upon the completion of Allied programmes to achieve the reorganisations contemplated under High Commission Law 27 [16] and the liquidation of I. G. Farben Industries A. G., reorganisation of the former Reich-owned motion picture industry and the Grossbanken, and upon the completion of other actions which at the time of the revision of the Occupation Statute may be called for under laws adopted by the High Commission or may have been initiated through legal process taken under existing laws, the reserved power over deconcentration should be eliminated.

Upon the enactment of satisfactory legislation by the German Federal Government, the reserved power over decartelisation should be eliminated. This legislation should include provision for prevention of new concentrations of economic power.

9. *Paragraph 2(b): Non-discrimination in Trade Matters.*

Recommendations are contained in Section 16 below.

10. *Paragraph 2(b): Foreign Interests in Germany.*

In the limited time available, it has not been possible to consider this question fully. It is recommended that the Foreign Ministers should give instructions for the further consideration of the questions involved in order that recommendations may be made to Governments as to the undertakings to be secured from the Federal Government and the extent to which reserved powers in this field could be modified or terminated in the light of such undertakings. If approved by the the Governments these arrangements should be put into effect at the time of the relaxation of controls.

11. *Paragraph 2(b): Claims against Germany.*

The matter is still under consideration and accordingly no change can be recommended at this time.

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[16] For the text of High Commission Law No. 27, Reorganization of German Coal and Iron and Steel Industries, see *Laws, Regulations, Directives, and Decisions of the Allied High Commission for Germany, from September 21, 1949 to September 20, 1950* (Bonn–Petersberg, Allied General Secretariat, undated), p. 155.

12. *Paragraph 2(c): Foreign Affairs.*

The Federal Government should be authorised to establish a Ministry of Foreign Affairs and to conduct diplomatic relations with foreign countries over as wide a field as possible. The foregoing is subject to:—

[Fr. and U.S.: the maintenance of Allied reserved power in this field, whose exercise would be restricted as set forth below:

U.K.: the reservation of Allied powers as set forth below:

(*a*) *Establishment of Diplomatic Relations.*

The High Commission should have the right of previous disapproval of the establishment of diplomatic relations. In general, it is not contemplated that the High Commission would disapprove the establishment of diplomatic relations with friendly countries.

(i) In the case of countries other than the Occupying Powers, representatives to be exchanged with the Federal Republic would have the diplomatic rank agreed upon by each of these countries with the Federal Government. Diplomatic missions in the Federal Republic would be accredited to the Federal Government. Foreign Governments would notify the High Commission of the appointment of such missions, which would have access to the High Commission in matters relating to its reserved powers. It would also be possible in exceptional cases for a mission to be accredited to the High Commission.

(ii) U.K.: The Occupying Powers would also receive diplomatic representatives of the Federal Government and the rank or status of these representatives would be determined by agreement between the Occupying Powers and the Federal Republic. These representatives would not deal with matters affecting the powers of the High Commission. The three Governments do not intend to appoint diplomatic representatives to the Federal Republic and the High Commissioners would act in this capacity in matters which did not call for tripartite action.

(ii) U.S./Fr.: The Occupying Powers do not intend to appoint diplomatic representatives to the Federal Republic and the High Commission would be the channel for the negotiation of matters of a diplomatic and political nature between the Occupying Powers and the Federal Republic. On matters of this character which did not call for tripartite action the individual High Commissioners would deal with the Federal Republic. The Occupying Powers would, however, receive official agents of the Federal Republic whose task would be limited to matters of a non-diplomatic nature, including informing their Government.]

(iii) Exequaturs for foreign consuls would be issued by the Federal Government. It would also be possible in exceptional cases for exequaturs to be issued by the High Commission.

(*b*) *International Agreements.*

The High Commission should retain the right of previous disapproval of international agreements.

The High Commission would not disapprove an international agreement between the Federal Republic and a friendly country, unless its provisions might prejudice the eventual peace settlement with Germany or unless they conflicted with the basic purposes of the occupation, with measures of the Occupation Authorities under the Occupation Statute, or with the terms of any agreement relating to or affecting Germany to which the Occupying Powers are parties.

The Occupying Powers should reserve the right:—

(i) to conclude, in exceptional cases and in regard to matters in which the Federal Government is not in a position to act, agreements binding the Federal Republic;

(ii) to take measures to secure observance by the Federal Republic of international agreements relating to or affecting Germany to which they are parties and of international agreements concluded by them on behalf of the Federal Republic; and

(iii) to take action concerning the treaty rights and obligations of the former German Government.

(*c*) *Conduct of Foreign Relations.*

The High Commission should not intervene in the ordinary conduct of foreign relations by the Federal Republic, but:—

(i) the Federal Government would be required to keep the High Commission informed of its negotiations with other countries;

(ii) the Occupation Authorities would have the right to intervene in negotiations on matters relating to their reserved powers;

(iii) in the case of countries with which the Federal Republic did not have diplomatic relations, the Occupying Powers would conduct these relations as necessary.

Relations with the U.S.S.R. or countries of the Soviet orbit would either be conducted directly by the High Commission or would be subject to the closest supervision and control.

(*d*) *International Organisations.*

The three Governments should support the Federal Republic for membership in as many international organisations as possible, under the terms of whose charters the Federal Republic would be eligible for membership. In the case of any technical organisations where the Federal Republic could not be represented, the Occupying Powers might act on its behalf.

(*e*) *Radio Frequencies.*

The Occupying Powers should continue to exercise authority in the matter of radio frequencies.

(*f*) *Soviet Areas of Occupation.*

The High Commission should make clear to the Federal Government that the Occupying Powers will maintain control of relations with Soviet areas of occupation in Germany and any authorities constituted therein.

(*g*) *General Reservation.*

None of the foregoing would affect the supreme authority of the Occupying Powers.

13. *Paragraph 2(d): Displaced Persons and Admission of Refugees.*

As soon as the High Commission considers that adequate action has been taken by the Government of the Federal Republic to assure the admission, care and protection of displaced persons and refugees, this power should be relinquished. A detailed statement of the action to be required of the Federal Government is attached (Annex B).

14. *Paragraph 2(e): Protection of Allied Forces etc.*

No change should be made.

15. *Paragraph 2(f): Respect for the Basic Law and Land Constitutions.*

This reserved power should be relinquished as soon as there has been established in the Federal Republic a judicial authority deemed by the High Commission to be capable of effectively upholding the civil rights of the individual as defined in the Basic Law.

16. *Paragraph 2(g): Control over Foreign Trade and Exchange.*

Powers in this field should be retained only to the extent necessary to accomplish the following purposes:—

(*a*) to maintain control over relations between the Federal Republic and countries within the Soviet orbit, and such other countries as may on security grounds be specified from time to time by the High Commission;

(*b*) to maintain, in the interest of security, control over trade in certain goods between the Federal Republic and any other country, including the indirect export of certain goods to the countries referred to in (*a*);

(*c*) to maintain control over relations between the Federal Republic and Berlin and the Soviet Zone;

(*d*) [Fr/U.K.: to ensure the observance by the Federal Republic of the principles of the General Agreement on Tariffs and Trade while Germany is not a member of the General Agreement on Tariffs and Trade or any successor body.]

[U.S.: to ensure that German trade is conducted in accordance with the principles of the General Agreement on Tariffs and Trade. Powers in this respect will be terminated at the time Germany becomes a member of G.A.T.T. and assumes its obligations under the Agreement.]

(*e*) to exercise controls in the field of foreign exchange in order to ensure that the Federal Government observes the principles and practices of the International Monetary Fund Agreement relating to exchange rates and international payments and transfers. The powers in this field, insofar as retained for this purpose, should be terminated when Germany becomes a member of the Fund, provided that its termination be so arranged as not to leave the Federal Republic free of obligations in respect of the exchange rate. Representatives of the three Governments should, in consultation with officials of the Fund, resolve the technical problems involved in this decision.

(*f*) to maintain broad supervisory controls over the foreign exchange policy and practices of the Federal Government in order to provide for an orderly settlement of claims against Germany, including claims arising from postwar economic assistance extended by the Occupying Powers.

17. *Paragraph 2(h): Control over Internal Action.*

This power should be terminated.

18. *Paragraph 2(i): Prisons.*

No change of substance should be made.

19. *Paragraph 3: Emergency Powers.*

No change should be made.

20. *Paragraph 4: Right of Federal Government and Land Governments to legislate in Reserved Fields.*

No change should be made.

21. *Paragraph 5: Review of Legislation.*

Any amendment of the Basic Law should continue to require the express approval of the Occupation Authorities before becoming effective. *Land* constitutions, amendments thereof, and all other legislation should be effective without review by the Occupation Authorities, but would be subject to repeal or nullification by them. The Occupation Authorities would not repeal or nullify legislation unless, in their opinion, it was inconsistent with legislation or other directives of the Occupation Authorities themselves, or the provisions of the Occupation Statute as revised, or unless it constituted a grave threat to the basic purposes of the occupation. Until such time as the Occupation Authorities relinquished the power reserved in paragraph 2(*f*) of the Statute, they would retain the right to repeal or nullify legislation on the ground that it was inconsistent with the Basic Law or a *Land* constitution.

22. *Paragraph 6: Civil Rights.*

No change should be made.

23. *Paragraph 7: Occupation Legislation.*

Legislation of the Occupation Authorities based on the reserved powers as modified by these recommendations should remain in force until repealed or amended by the Occupation Authorities.

Legislation of the Occupation Authorities based on the present reserved powers should likewise remain in force until the Occupation Authorities consider that it is no longer necessary or that it can be repealed as a result of the completion of the programmes with which it is concerned or following the promulgation of appropriate German legislation.

All other Allied legislation should be repealed by the Occupation Authorities on request from the appropriate German authorities. The Occupation Authorities might also authorise the German authorities to repeal such legislation.

24. *Paragraph 8: Acts of the Occupation Authorities.*

No change of substance should be made.

25. *Paragraph 9: Review of Statute.*

The Occupying Powers should in due course again review the occupation controls.

26. *Implementation of Undertakings and Legislation.*

It has been suggested in this report that it might be possible in various cases to terminate certain reserved powers in whole or in part upon the giving of satisfactory undertakings by the Federal Republic or the adoption by it of satisfactory legislation with respect to the subject matter of these powers. The Occupying Powers should retain the powers necessary to ensure compliance with the undertakings given by the Federal Republic, and to ensure the implementation of the legislation enacted by the German authorities and the maintenance of the essential features of such legislation.

Annex A

The Occupying Powers should limit the exercise of the reserved power to the following:

(*a*) Restitution by the Occupying Powers of looted cultural property not now under their control. until such time as the Federal Government makes suitable legislative, regulatory, and organisational arrangements to facilitate the further recovery of looted cultural objects and formally undertake to restitute looted cultural objects which may be recovered under these arrangements. [Fr/U.K.: the term cultural property must be understood in a wide sense.]

(*b*) Completion by the Occupying Powers of the present operations in respect to cultural property now under their control at the Cultural Collecting Points, which they will endeavour to effect by July 1, 1951. On the latter date. or as soon thereafter as possible, and contingent upon German fulfillment of the conditions set out in paragraph (*a*) above, any residual amounts of cultural property then remaining at these Collecting Points, the disposition of which has not been determined, should be transferred to the German Authorities for further disposition, and the responsibility of the Occupying Power for the Collecting Points should be terminated.

(*c*) Obtaining an undertaking from the Federal Government to transfer to the International Refugee Organisation, or, upon its liquidation, to such other organisation as may be designated by the Occupying Powers, all valuable personal property which may still be recovered in Germany, which is presumed to have been looted from victims of Nazi persecution within and without Germany and of which the owner or country of origin cannot be identified.

(*d*) Disposal of property not covered in paragraphs (*b*) and (*c*) above which is at present under the control of the Occupying Powers or included within their present programmes of restitution relating

to ships (including wrecks and inland water transport craft), railway rolling stock and locomotives, and securities of German issue.

(*e*) Ensuring that the Federal Government enacts legislation to provide that, in respect to property of which the owner was illegally deprived during German occupation of the country where the property was located, the period prescribed by German law for acquiring good title through possession under claim of ownership will be extended by a period equivalent to that from September 1, 1939, to May 8, 1945. This legislation must also provide that any legal obstacles to the recovery of such property through judicial process are set aside pending the expiration of the extended period.

(*f*) Ensuring completion of the programme covered by the existing Allied internal restitution legislation, which should be maintained, subject to the right of the Occupation Authorities to enact such perfecting amendments and implementing regulations as they may deem necessary. This presupposes enactment of the amendments to the French Zone law discussed in the section on internal restitution in the High Commission's report to the Study Group (HICOM/P(50) 121 (Final)).[17]

(*g*) Obtaining enactment by the Federal Government of a satisfactory General Claims Law providing for the restitution of certain rights of, and compensation for, victims of Nazi persecution. [Fr.: including non-residents.]

Annex B

PARAGRAPH 2(*d*): DISPLACED PERSONS AND ADMISSION OF REFUGEES

The action required of the Federal Government in connection with paragraph 2(*d*) would include the conclusion of international agreements, the enactment of legislation, the issuance of administrative regulations, and the allocation of German funds as necessary. These would cover the following points with respect to displaced persons and refugees in the territory of the Federal Republic:—

(*a*) *Civil Status*

(i) Legislation assuring adequate civil rights and nondiscrimination for displaced persons, German refugees and non-German refugees in Germany.

(ii) A declaration by the Federal Government concerning its obligations to the displaced persons and refugees under its jurisdiction.

(iii) A declaration by the Federal Government of its readiness in principle to adhere to the United Nations Convention on Refugees, and to the agreement establishing the United Nations High Commission for Refugees.

[17] Not found in Department of State files.

(*b*) *Continuation of Programmes concerning Displaced Persons and Refugees*

(i) Such undertakings and measures by the Federal Government as may be necessary to assure continued and effective operation of the International Refugee Organization (IRO), the United Nations High Commission for Refugees and Allied resettlement agencies, until termination of their work.

(ii) Such undertakings and measures by the Federal Government as may be necessary to assure adequate continued care of displaced persons and refugees.

(*c*) *Admission of Refugees*

(i) German refugees: Review by the High Commission of present German legislation to determine whether supplementary legislation and regulations covering admission of these persons is considered necessary if paragraph 2(*d*) is eliminated.

(ii) Non-German refugees: Enactment of pending legislation and review by the High Commission of present German legislation and agreements in this field to determine whether additional legislation or agreements are considered necessary to protect Allied interests in these persons.

If the High Commission, as a result of the foregoing review, considers that additional measures by the Federal Government in these fields are necessary, such measures should be included in the requirements for the elimination of this power.

(*d*) *Compensation for Displaced Persons who have been victims of Nazi Persecution*

The Federal Government should be required to ensure that General Claims legislation in the Federal Republic covers persons in this category adequately.

[Attachment 1b]

Report of the Intergovernmental Study Group on Germany on the Form of Changes Recommended in the Occupation Statute

CONFIDENTIAL LONDON, September 4, 1950.

IGG(50)125

[Here follows a note by E. R. Warner, Secretary-General of the Intergovernmental Study Group, which indicated that this report had been approved at the eighth plenary meeting.]

The Study Group has given consideration to the question of the form in which the changes of the Occupation Statute should ulti-

mately be embodied. Whilst the Study Group recommends the relinquishment of a large part of the existing reserved powers, there is only one of the reserved powers listed in the present Statute which could, in the opinion of the Group, be given up in entirety at the present time; this is the important reserved power in the field of internal action to the extent necessary to ensure use of food and other supplies in such manner as to reduce to a minimum the need for external assistance to Germany. Several of the powers must be wholly retained since they apply to vital security interests of the Occupying Powers and of Germany herself. In all other cases some part of the powers must be retained, either without limit of time or pending certain action.

2. It is agreed that the form in which these changes are ultimately embodied must be such as to make clear the substantial character of what it is proposed to delegate or transfer at the present time. Whilst it is necessary to preserve certain parts of Allied authority in a number of fields on the grounds explained above, this should be presented in such a way as to make the best impression on German public opinion and also to avoid any suggestion that large powers are being held back for purely administrative reasons, or for lack of confidence in the Federal Government itself.

3. Whilst there is no dispute as to the objective outlined in the previous paragraph, the Study Group did not reach a final conclusion as to the manner in which this objective should be attained.

4. The French and United Kingdom Members are disposed to favour a Revised Statute in which the limited reserved powers are set forth clearly, as in the case of the existing Statute. It is manifest that for the reasons explained above the Revised Statute would be longer than that presently in force. The French and United Kingdom Members consider that a new Statute revised on the lines now proposed would nevertheless be a much more acceptable document to the Germans. They believe that a clear statement of the powers as limited would be more likely to be appreciated than any alternative form of presentation, and that, particularly if accompanied by a suitable explanatory statement, the Revised Statute can be set out in a form which would make it fully acceptable to German opinion.

5. The United States Member on the other hand inclines to the view that the revision of the Statute should be effected in an instrument modifying the existing Statute. The instrument of revision would set out in a positive manner the way in which the Allied Authorities would in future restrict their powers and with respect to which the competence of the German Authorities would be enlarged. This would, in the view of the United States Member, enable the document to be

presented in a manner which would emphasise the benefits of the changes to the Germans, and overcome the disadvantages resulting from issuing a second edition of the Occupation Statute which would necessarily reaffirm numerous restrictions.

6. The Study Group recommends that in the course of the meetings of the Foreign Ministers this matter should be considered in the light of their decisions on the substance of the changes which it is proposed to make.

[Attachment 2a]

Report of the Intergovernmental Study Group on Germany on the Status of the Federal Republic

CONFIDENTIAL London, August 30, 1950.

IGG(50)103 Final

STATUS OF FEDERAL REPUBLIC

The Study Group recommends that before authorising the Federal Republic to conduct foreign relations, the Occupying Powers should agree on a formula defining the status of the Federal Republic, which, together with an Interpretative Minute, should be communicated to the German Federal Government. Agreed drafts of the formula and Interpretative Minute are attached.

I. *Proposed Formula for adoption by the Foreign Ministers*

The Governments of the United States, United Kingdom and France reaffirm that the peaceful reunification of Germany under a democratic regime, as now embodied in the Federal Republic, remains the ultimate object of their policy. They recognise that, pending such reunification, the Government of the Federal Republic of Germany is the only German Government legitimately constituted which can speak for Germany and represent the German people in international affairs. They consider therefore, that pending the final peace settlement and without prejudice to its terms, it is the only Government entitled to assume the rights and obligations of the former German Reich. They also recognise that the limitations on the territorial jurisdiction of the Federal Government restrict its capacity effectively to exercise all such rights and to perform fully such obligations. The powers, rights and obligations of the Federal Republic are subject to the supreme authority of the Occupying Powers and actions taken by them thereunder.

II. *Agreed Interpretative Minute*

The above formula is based on the premise that the German state continues to exist, and expressly reserves the supreme authority of

the Occupying Powers. The latter may determine, with the effect of binding the Federal Republic but not other countries, what are the rights and obligations of the Federal Republic, and they may determine the manner in which and the extent to which the Federal Republic may exercise these rights and fulfill those obligations.

The formula in no way affects the situation in Berlin, since it expressly recognises that the Federal Republic's jurisdiction in Germany is limited to its territory, and it avoids any mention of the Soviet zone of Germany.

The formula recognises the provisional character of the Federal Republic by stating that the status which is recognised is pending "the peaceful reunification of Germany." It does not, therefore constitute recognition of the Government of the Federal Republic as the *de jure* government of all Germany.

It is agreed that the Occupying Powers will support the Government of the Federal Republic as the only Government capable of assuming the rights and obligations of Germany in existing international organisations to which Germany belonged.

[Attachment 2b]

Report of the Intergovernmental Study Group on Germany on the Status of Treaties of the Former German Reich

CONFIDENTIAL LONDON, September 4, 1950.

IGG(50)115 Final

[Here follows a note by Secretary-General Warner which indicated that this paper had been approved at the eighth plenary meeting of the Intergovernmental Study Group.]

The Study Group makes the following recommendations relative to the treaty rights and obligations of the former German Reich:

The three Occupying Powers should invite the Federal Republic and all interested Powers to make known to the High Commission the treaties of the former German Reich to which they desire that effect should now be given as between the Federal Republic and the country concerned. The High Commission will then, unless it disapproved, declare such treaties applicable to the Federal Republic and binding upon it, provided the Federal Republic and the other interested governments so desire. If there is any objection on the part of the Federal Republic to a request by an Allied country to put a treaty into operation, the Occupation Authorities will, after a period of six months from the receipt of the request, decide what action should be taken, having regard to (*a*) their responsibility for the protection of Allied interests, and (*b*) safeguarding the interests of the Occupation.

In the case of multilateral conventions the above procedure will apply, but if reciprocity is the basis of the convention it will only be

binding as between the Federal Republic and such of the other signatories as agree.

Any action of the Occupation Authorities referred to above in no way prejudices the final peace settlement and will not have the effect of abrogating or modifying any treaty obligations of the former German Reich not expressly covered by such action.

[Attachment 3a]

Report of the Intergovernmental Study Group on Germany on Claims

CONFIDENTIAL London, September 4, 1950.

IGG(50)113 Final

[Here follows a note by Secretary-General Warner which indicated that this paper had been approved at the eighth plenary meeting of the Intergovernmental Study Group.]

1. The Intergovernmental Study Group on Germany, in accordance with its instructions, has considered possible plans for handling outstanding claims against Germany and the Germans. Its recommendations, which are set out in the attached paper, are summarised in this report. Certain features of a settlement plan have been agreed, but basic differences as to the scope of the settlement still remain unsolved.

2. The three Delegations agreed that there should be an orderly debt settlement on a basis to be agreed by the three governments and of such a character as not to dislocate the German economy. The implementation of the plan should be subject to suitable controls. They also agree that it would be necessary as a part of such a debt settlement for the Federal Republic to undertake responsibility for the German prewar external debt and in respect of the postwar economic assistance to the Western Zones, as well as to give an assurance of co-operation in the working out and implementation of a settlement plan. It is understood that proper regard will be paid to the general situation of the Federal Republic, including the limitations on its territorial jurisdiction. The arrangements should be provisional and subject to revision in the peace settlement.

3. All Delegations are agreed that the settlement plan should deal with external public and private debts arising out of pre-war obligations, and that further consideration will be given to the question whether it should also deal with certain other pre-war debts to foreigners which may not be strictly classifiable as external.

4. The main difference is as to whether anything further should be included in the plan.

The United States view is that nothing further should be included in the settlement plan. To the extent that war claims have not been

dealt with under previous inter-Allied agreements on reparation, their position should not be prejudiced. A partial local currency settlement of claims in respect of postwar economic assistance would not be precluded by the plan.

The French Delegation agrees with this last United States proposal regarding the post-war claims. They further believe that the plan should either provide for, or not preclude in principle or in fact, the settlement of claims arising during the war against German nationals, claims in connexion with social insurance operations, and certain claims in respect of German currency held abroad.

The United Kingdom view is that post-war economic assistance claims should be included in the plan in parallel with claims arising before the war, and that the plan should include limited compensation in local currency in respect of war damage to United Nations property in Germany.

5. The three Delegations agree that external occupation costs is a subject normally dealt with in a peace treaty but have not been able to agree as to whether any decision respecting such claims is called for at the present time.

[Here follows a three-section plan for handling the outstanding claims against Germany and the Germans.]

[Attachment 3*b*]

Report of the Intergovernmental Study Group on Germany on Other Economic and Legal Issues Arising Out of the War

CONFIDENTIAL LONDON, September 4, 1950.

IGG(50)122 Final

[Here follows a note by Secretary-General Warner which indicated that this paper had been approved at the eighth plenary meeting of the Intergovernmental Study Group.]

Under item 3 of its agenda the Study Group has considered, in addition to the problem of claims, what other economic and legal issues arising out of the war require attention at this stage and how they should be handled.

2. The following subjects have been discussed and remitted to the Allied High Commission for appropriate action:—

(*a*) Enactment of appropriate legislation to extend the Statute of Prescriptions and Limitations. This should be carried out either by the Federal Government or, failing action by them, by the High Commission.

(*b*) The final drafting and enactment by the Allied High Commission of the law for divesting of title to property taken as Reparations or by way of Restitution.

3. The following matter, which is also referred to in the Study Group's paper on the termination of the State of War,[18] will call for further investigation and action by the High Commission as soon as Ministers have approved the recommendations in that report:—

Consultations between the High Commission and the German authorities as to the elimination from German domestic law of any reference to the state of war and its consequences respecting Allied Governments and their nationals.

4. The following questions, related to the protection of foreign interests in Germany, will also require further investigation in the context of the continuing study of the problem of foreign interests recommended in para. 11 of the Study Group's report on the Occupation Statute:[19]

(*a*) Investigation of the following two matters relating to prewar contracts and negotiable instruments:

(i) the effect of war in German law;
(ii) the advisability of following the precedent of the Italian Peace Treaty in such cases.

(*b*) Forced transfers of property located in Germany not covered by Restitution Laws.
(*c*) Trade marks and trade names.
(*d*) The right to participate in capital issues.
(N.B. Preliminary study has already been given to the above four questions).
(*e*) Protection of foreign interests under schemes for nationalisation, socialisation or land reform, including the establishment of machinery to ensure that the compensation of foreign interests is prompt, adequate and effective.
(*f*) Protection of foreign interests against special taxes imposed for the specific purpose of meeting charges arising out of the war.
(*g*) Procedure for the settlement of disputes regarding foreign interests in Germany.
(*h*) Methods of ensuring protection of foreign interests in all customary aspects of trade and establishment matters.

The further investigation of the foregoing questions should be undertaken by the High Commission in cases (*a*)(i), (*b*), (*c*) and (*d*), and at Governmental level in the case of (*a*) (ii), (*e*), (*f*), (*g*) and (*h*).

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[18] Attachment 4, below.
[19] Attachment 1*a*, p. 1255.

5. The United States Delegation is of the opinion that there should also be investigation whether any action should be taken in Germany to prevent challenges being made in municipal courts outside Germany to acts of the Allies during the war and the occupation period or of neutrals at the request of the Allies.

[Attachment 4]

Report of the Intergovernmental Study Group on Germany on the Termination of the State of War

CONFIDENTIAL London, August 29, 1950.

IGG(50)93 Final

The Study Group found itself in agreement that the continuance of the technical state of war with Germany in the sphere of the domestic law of the Allied countries constituted an obstacle to the policy adopted by the Three Powers to incorporate the German Federal Republic as a peaceful member of the European community. A necessary element in the implementation of this policy is that German nationals should cease to be treated in law as enemy nationals.

2. The Study Group recognized that the problem of the termination of the state of war must be dealt with in the light of the following principles:

(*a*) Neither the occupation nor the supreme authority exercised by the Occupation Powers in Germany is dependent on the continuance of the state of war.

(*b*) The termination of the state of war should not be given a form that might be interpreted as a separate peace settlement with Western Germany.

3. In the light of these principles, the Study Group agreed that in view of the unconditional surrender of Germany and the assumption of supreme authority on the 5th June, 1945, action to terminate the state of war may now proceed in the domestic spheres of the three Occupying Powers and of any other Allied Power. It will accordingly be legally sufficient that each of these Powers take unilaterally any measures necessary to terminate the state of war insofar as it still exists in the sphere of its own domestic law, and to put an end to its consequences. As soon as this action has been taken the matter will have been disposed of, as far as each of these Powers is concerned.

4. The termination of the state of war in this manner in no way affects Germany's obligations and in no way prejudices the peace settlement. It has no relation to and no effect upon the rights and status of the Occupation Powers in Germany which rest upon the

complete defeat of Germany, the unconditional surrender and the assumption of supreme authority, rather than the belligerent occupation of enemy territory in time of war. These principles should be emphasized in any public statement issued on the subject.

5. The French and United Kingdom Governments are in a position to take the necessary action at any time. The United States Government, on the other hand, will not be ready to do so until certain necessary legislation has been enacted, which may not be possible until some time in 1951. The action need not be taken simultaneously in the three countries, although it would be desirable to coordinate such action as closely as possible.

6. In these circumstances the Study Group has decided to recommend to the three Foreign Ministers that they should make a declaration announcing jointly the intention of their Governments to proceed, as soon as possible, individually and unilaterally, in accordance with their constitutional procedures, with the necessary domestic measures. These measures would apply to the whole of Germany and to all German nationals. The timing of any announcement should be considered in relation to the action to be taken by the Governments on this and other items of the Study Group's agenda and to any action required of the German Federal Government in this connection.

7. It is hoped that other nations will take similar steps in accordance with their various procedures to terminate the state of war existing between them and Germany.

8. The Study Group considers that action must be taken in any case to eliminate from German Domestic law any reference to the state of war and its consequences respecting Allied Governments and their nationals. It recommends that there should be early consultations to this end between the Allied High Commission and the German Federal Government. The necessary measures will then be taken as soon as possible, and in any event before the occupying Powers terminate the state of war in their domestic law.

[Attachment 5]

Report of the Intergovernmental Study Group on Germany on Articles 18 and 19 of the Ruhr Agreement [20]

CONFIDENTIAL LONDON, August 30, 1950.

IGG(50)76 Final

[Here follows a note by Secretary-General Warner which indicated that this paper had been approved at the sixth plenary meeting of the Intergovernmental Study Group.]

[20] For the text of the Ruhr Agreement, see *Foreign Relations*, 1948, vol. II, p. 484.

The Study Group have given preliminary consideration to Item 5 of the Agenda (Articles 18 and 19 of the Ruhr Agreement). They believe that it would be premature to determine at the present time the most appropriate arrangements for the implementation of Articles 18 and 19 of the Agreement for the Establishment of an International Authority for the Ruhr.

These articles envisage that certain of the powers, now exercised by the High Commission through the agency of the Coal and Steel Groups, will be transferred from Occupation Authorities to the I.A.R., or the Military Security Board, or to some other body created by international agreement. There was general agreement in the Study Group:

(i) that some of these powers required closer definition in the light of the experience of the High Commission;
(ii) that none of them could in practice be relinquished by the High Commission until the unit companies had been established under Law 27 which will at least take a number of months;
(iii) that it will be possible to take better informed decisions regarding the transfer of powers described in Articles 18 and 19 of the Ruhr Agreement, and particularly Article 19, when the scope and functions of any High Authority set up as a result of the French proposal for pooling the coal, iron and steel production of France, Germany and certain other Western European countries are determined.

Meanwhile, however, the Study Group wish to draw the attention of Ministers to the fact that the modifications proposed by them in the Occupation Statute would not affect the clause respecting controls in regard to the Ruhr and therefore would not prejudice the exercise of the present powers in this field by the High Commission, nor the ability of the Governments, if they so determined, to transfer these powers to the I.A.R., or some other body created by international agreement.

[Attachment 6]

Report of the Intergovernmental Study Group on Germany on the Definition of German Cooperation Required to Warrant Relinquishment of Controls

CONFIDENTIAL London, September 4, 1950.

IGG(50)126 Final

[Here follows a note by Secretary-General Warner which indicated that this report had been approved at the eighth plenary meeting of the Intergovernmental Study Group.]

Among the tasks assigned to the Study Group is that of examining and reporting on the definition of German Co-operation required to

warrant the relinquishment of controls. It is essential that the German Federal Government and all German authorities should understand from the outset that they cannot expect concessions from the Occupying Powers without active co-operation on their part in the common enterprise of developing the power and influence of the free countries of the world.

It is emphasised that the Study Group's recommendations for revision of the reserved powers in the Occupation Statute, for establishing and raising the status of the Federal Republic in world affairs, for terminating the state of war, and in respect of other measures proposed, together with the measures of German co-operation referred to below, should be regarded as one whole. It should also be clearly understood that the measures proposed for extending German authority are the maximum that will be offered at the present time and are not subject to increase through negotiation. The Federal Government should freely offer to undertake measures of co-operation proposed as their contribution to the common objective of incorporating the Federal Republic as a peaceful member of the European community.

The measures of co-operation required fall into two broad categories.

In the first place the German Federal Government should be required, as a necessary counterpart to the measures as a whole which have been proposed by the three Occupation Powers for increasing the freedom and authority of the Federal Government, to give certain general undertakings. Such an undertaking should be given regarding the equitable treatment of foreign nationals in the Federal Republic, regarding the treatment of displaced persons and refugees. In this connexion it is recommended that the High Commission be requested to examine the question whether an undertaking should also be obtained from the German Authorities regarding the cultural rights, language and civil rights of the Danish speaking minority in *Land* Schleswig-Holstein. The Federal Republic should also be required to give various undertakings in the field of debts and claims as indicated in the Study Group's report on this subject, including an assurance of co-operation in the working out and implementation of a settlement plan.

In the second place, action will be required of the German Federal Government in particular fields as a necessary condition of the termination of the corresponding reserved powers. These fields are those mentioned in the Study Group's report on the changes to be made in the Occupation Statute:—

Restitution
Decartelisation
Deconcentration

Displaced Persons and refugees
Respect for the Basic Law and *Land* Constitutions
Foreign Trade and Exchange.

The foregoing measures of co-operation recommended by the Study Group are those which arise in connection with the subjects which it has been directed to examine.

In addition the Foreign Ministers may wish to consider whether any undertakings of a broader character should be required of the Federal Government.

[Unnumbered Attachment]

Report of the Intergovernmental Study Group on Germany on the Revision of the Prohibited and Limited Industries Agreement

SECRET London, August 30, 1950.

IGG(50)108

Position of United States Delegation

1. The nations of the West are agreed in the necessity for strengthening the common defense as rapidly as possible. They likewise recognize that the production of defense equipment will place a heavy burden on their respective economies. Moreover, the impact of this burden will be particularly severe at the present time when industrial production in the West is already operating at near capacity. Shortages will undoubtedly ensue as, in fact, they already have in the United States in critical sectors such as steel. These shortages may aggravate the existing inflationary forces and make them more difficult to control.

2. In view of the foregoing, it is essential that provision be made for the utilization of the industrial resources of Germany in support of the defense program of Europe and the Atlantic Community. The United States does not envisage that Germany would be authorized to fabricate ordnance items. On the other hand, it feels that Germany should be empowered to produce primary and other industrial commodities and articles which will be required in the defense effort. The most important of these commodities at the present time is steel, but there are others also, such as ball bearings, aluminum and chemicals. These commodities should either be made available for export from Germany for fabrication in other Western countries into supplies required for the common defense, or alternatively might be fabricated within Germany into non-ordnance items necessary for adequate defense, such as, for example, trucks.

3. If we are to avail ourselves of the capacity of Germany to produce these commodities, without modification of the PLI Agreement, the additional demands would be at the expense of her essential domestic requirements with consequent economic and political repercussions inside Germany. In general, the limitations in the Agreement were based upon the assumption that the production of these items would cover the essential domestic requirements of Germany.

4. There are, of course, other considerations which bear upon the PLI Agreement and which, in the view of the United States, reenforce the case for modification. In the circumstances and taking into account the present relations, and the anticipated closer relations between Germany and Western Europe, the United States proposed that the three Occupying Powers proceed immediately to a study of the PLI Agreement with a view to its revision in accordance with the following principles:

a. The elimination of restrictions which have proved to be unduly burdensome in administration.

b. The elimination of restrictions which have proved to be excessive in terms of security requirements viewed within the framework of the present relations between Germany and the Occupying Powers.

c. The provision of flexibility in the Agreement to permit the use of the German industrial potential for the production on non-ordnance items required for the defense of the West.

5. The three Governments will require advice and expert assistance from the High Commission to carry forward the revision of the Agreement in accordance with the first two principles. Revision of the Agreement in pursuance of these three principles should result in substantial changes in the present provisions affecting steel, shipbuilding, in particular the production of ships for export, ball and roller bearings, chemicals, synthetic ammonia and chlorine, and, also, certain controls in regard to machine tools and electronic valves, and possibly others.

6. Decision is required by the Foreign Ministers at their forthcoming meeting to authorize the High Commission to take such action as may be needed for the production of steel, and other materials necessary for defense, while detailed discussions covering modifications of the Agreement itself are going forward.

7. The revision of the PLI Agreement should form part of the arrangements to be worked out with the Federal Government in connection with the relaxation of controls under the Occupation Statute.

CFM Files : Lot M–88 : Box 152 : SFM Document 1–40

Draft Resolution for the North Atlantic Council[1]

TOP SECRET NEW YORK, September 13, 1950.

Document 22

The Council:

mindful that the increased urgency of the situation requires, beyond those steps already taken by member governments, still greater and more energetic action to increase the forces in being for the defense of freedom in Europe;

realizing that simultaneous further action will have to be taken in the fields of production and finance to provide the equipment for and to maintain the increased forces required;

emphasizing the importance of all possible steps to these ends being taken with a minimum of delay;

Resolves:

1. *to invite* the Defense Committee to consider the revision of the major force levels in the Medium Term Defense Plan as a matter of utmost urgency so that the revision, based on strictly military considerations, may be finalized at the Defense Committee's meeting beginning October 16.

2. *to invite* the Defense Committee to express its requirements in such form as to permit adequate and immediate action to be taken by all bodies of the NATO and by the governments concerned in order to translate the plan into reality. This will entail that the Revised Plan set forth the tasks, the force requirements and the general deployment of forces of individual countries.

3. *to invite*, further, the Defense Committee to provide, as soon as practicable, time phased force requirements, particularly in terms of forces to be made available by each country for the defense of freedom in Europe on July 1, 1951 and on July 1, 1952;

Recommends:

that member governments consider the desirability of accepting forthwith the Medium Term Defense Plan as revised by the Defense Committee and of taking such steps as may progessively be necessary

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper had been submitted to the Foreign Ministers by the three delegations. The cover sheet also bore the notation [D–3/b] after "Document 22."

to meet their required contributions under the Plan as rapidly as possible.[2]

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[2] Document 22 was considered and revised by the Foreign Ministers at their third meeting on September 13. For the minutes of this meeting, see p. 1209. The text of the revised resolution as approved by the Ministers, Document 22 (Revised), read:

"*The Council:*

Invites the Defense Committee: 1. to consider the revision of the major force levels in the Medium Term Defense Plan as a matter of urgency so that the revision, based on military considerations, may be finalized at the Committee's meeting on October 16. 2. to express its requirements in such form as to permit adequate and immediate action to be taken by all bodies of the NATO and by the governments concerned in order to translate the plan into reality. Accordingly, the Revised Plan should set forth the tasks, the force requirements and the general deployment of forces of the individual countries. 3. to provide, as soon as practicable, time phased force requirements, particularly in terms of forces to be made available by each country on July 1, 1951 and on July 1, 1952. *Recommends:* that member governments, upon being advised of the provisions of the Medium Term Defense Plan and the respective contributions required thereby, consider as a matter of urgency the acceptance of the Plan and the taking of such measures as may be necessary as rapidly as possible to meet the contributions required of them, on the assumption that the necessary complementary action in the fields of production and finance will be taken to provide the equipment required." (CFM Files: Lot M–88: Box 152: CFM Documents 1–40)

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Paper Prepared by the High Commissioners for Germany of the United States, the United Kingdom, and France [1]

TOP SECRET New York, September 13, 1950.

Document 23 [D–4/8] [2]

Summary of the High Commissioners' Views

1. Public opinion in Germany is in general at present opposed to the remilitarization of that country. This is particularly true of the recreation of a German National Army.

2. The grounds for this opinion are briefly:

(*a*) After two lost wars the Germans are disillusioned and reluctant to fight again.

(*b*) The military profession is generally discredited.

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[1] The preparation of this paper was proposed by Bevin at the Foreign Ministers private meeting September 12. Apparently the High Commissioners drafted it that evening after the first meeting, and it was introduced at the beginning of the second meeting on September 13. For the minutes of these meetings, see pp. 1191 and 1202, respectively.

[2] Brackets in the source text, the origin and meaning of which are unclear.

(*c*) To many elements with a liberal outlook, the return to power of the old military caste and general staff is repugnant and considered dangerous.

(*d*) German opinion does not believe that the Allies are resolved and able to resist a Russian attack. In fighting on the Allied side the Germans would not determine the course of the battle, and consequently would only be participating in a catastrophe. They are therefore tempted to be neutral and act in accordance with the advice of Soviet agents.

3. Nevertheless, those Germans who are prepared to contemplate the recreation of a German military force are only prepared to do so if this force forms part of a European defense force. The idea of European solidarity in the defense of a Western European community is widely popular in Germany and makes a particular appeal to some of the best elements in the youth.

4. The conception of integration in a common Western European Force is popular in part because it is assumed that it involves a progressive and substantial return to equality of right and German sovereignty. If experience showed that this was not the case any enthusiasm for the project would be largely dissipated.

5. It follows from the considerations set forth above that German opinion has to be carefully prepared if the participation of Germany in Western Defense is to receive the necessary degree of popular support. Accordingly, the High Commissioners believe the following measures would have the desired effect:

(*a*) Increase of the strength of the Allied troops in the Federal Republic.

(*b*) Renew the declaration of the Allied intention to protect the Federal Republic and Berlin from aggression from any quarter.

(*c*) Take visible steps to organize the equipment, financing and command of a unified military force to defend Europe. These measures would be designed to prove to the German people that Europe, including Germany, can and will be effectively defended and so encourage the Germans to join in the effort.

(*d*) Give Germany the means to ensure its internal security against Communist violence and the subversive activities of the Fifth Column.

(*e*) Prepare German opinion to favor participation in the Western Defense at the earliest possible moment and under conditions entirely honorable to them. Encourage the German press and public to discuss this development and, with the assistance of the Federal Government and the High Commissioners, direct it on the lines laid down by the three Ministers in New York.

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Proposed NATO Resolution on Force for Defense of Freedom in Europe [1]

TOP SECRET NEW YORK, September 13, 1950.

Document 24

The Council

Approves the concept of an integrated force under NATO control adequate to insure the successful defense of freedom in Europe;

Requests the Chairman of the Defense Committee to make, as a matter of urgency, recommendations as to the composition of this integrated force and its organization and command;

Recommends

1. That the integrated force should [in due course] [2] have a Supreme Commander who would in time of peace have delegated authority to insure that the force is organized and trained effectively, and who would in time of war exercise full powers as such over that force within geographic limits to be determined by the Defense Committee.

2. Units of the integrated force should be composed of contingents operating within overall NATO control. The member nations should make firm commitments as to the forces to be placed under the control of the Supreme Commander in time of peace and also as to the forces which would be placed under his command in the event of war.

3. That as an immediate step in the formation of the unified force there should be established under the authority of the Standing Group [a Chief of Staff with] a combined staff in Europe drawn from nationals of all NATO nations participating in the integrated force. [the Chief of Staff should have the authority of the Supreme Commander pending designation of the latter]

4. That the Standing Group should exercise highest strategic direction in the areas of operations of the integrated NAT force and determine the military requirements of that force.

5. That the Defense Committee be directed to consider as a matter of urgency the steps necessary to effect the consequent changes and simplification required in the existing military structure of the NATO and related military organizations.

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[1] Prepared by the NATO Deputies and introduced by Secretary Acheson at the third meeting of the Foreign Ministers on September 13. For the minutes of this meeting, see p. 1209.

[2] Brackets throughout the document appear in the source text.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Proposed NATO Resolution on Command and Organization of Force for Defense of Europe [1]

TOP SECRET

NEW YORK, September 14, 1950.

Document 24 (Revised) [D–3/7*a*] [2]

[*The Council*]

Approves:

The concept of an integrated force under NATO control adequate to insure the successful defense of Europe.

Recognizes:

That it is urgent to provide the organization necessary to insure that such a force is organized and trained effectively.

Decides:

That the composition, organization and command of the integrated force shall be based upon the following principles:

1. That the integrated force shall be under a Supreme Commander who will be appointed as soon as sufficient forces are contained within that integrated force.
2. That the Commander of the integrated force will operate under over-all NATO control within agreed geographical units. He shall, in time of peace, have delegated authority to insure that the force is organized and trained effectively and will, in time of war, exercise full powers as Supreme Commander over that force.
3. That the contributing nations shall specifically allocate the forces to be placed under the control of the Supreme Commander in time of peace and those which will initially be placed under his command in the event of war.
4. That the Standing Group shall exercise highest strategic direction over the integrated NAT force through its Commander, and will determine the military requirements of that force.
5. That as an immediate step there shall be appointed a representative of the Supreme Commander to prepare the ground for his ultimate arrival, and that he shall be provided with a combined staff in Europe drawn from nationals of all nations contributing to the integrated force.

Requests:

That the Defense Committee shall, as a matter of urgency, take the steps necessary to effect the consequent changes and simplification re-

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[1] Attached to the source text was a cover sheet, not printed, which indicated that this paper was a revision of Document 24 and had been agreed by representatives of the United States, United Kingdom, and France on the official level. For a record of the discussion leading to some of the drafting changes, see the minutes of the third meeting of the Foreign Ministers, September 13, p. 1209.

[2] Brackets in the source text, the origin and meaning of which are unclear.

quired in the existing military structure of NATO, and related military organizations, in accordance with the principles set out in paragraphs 1 to 5 above.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Draft Communiqué on Berlin[1]

TOP SECRET NEW YORK, September 13, 1950.
Document 25

France, Great Britain, and the United States have long recognized with admiration the heroic struggle of Berlin to preserve its freedom against totalitarian aggression and have demonstrated their will to aid Berlin in this struggle. They recognize also the heavy price Berlin has had to pay to defend its freedom and have aided the city to meet its many economic problems. They deplore the separation of the Soviet Zone and Soviet Berlin Sector from free Germany. They will continue to oppose any action which, in contravention of agreement and civilized practice, aims to take advantage of Berlin's isolation in the conduct of economic or other forms of aggression against the people of Berlin.

Resolved to maintain the rights of the three Western Occupation Powers in Berlin, the Foreign Ministers of France, Great Britain and the United States join in declaring that any attack upon Berlin by whatever forces would be firmly resisted. They would regard such attack as bringing into effect the provisions of the North Atlantic Treaty, and would immediately take steps to present the issue to the United Nations. The Foreign Ministers further

Direct the High Commission to review the Statement of Principles Governing the Relationship between the Allied Kommandatura and Greater Berlin,[2] and to liberalize Allied controls to the maximum extent possible;

Pledge that their Governments will continue their efforts to alleviate the critical economic situation of Berlin;

Express once more the hope that Berlin will ultimately be able to take its due place in a free, united and prosperous Germany.

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[1] Attached to the source text was a cover sheet, not printed. This draft was introduced by the United States Delegation at the third meeting of the Foreign Ministers on September 13. It was subsequently agreed that a separate communiqué on Berlin was not necessary and the substance of this draft was incorporated in the Instruction to the Allied High Commission and in the Communiqué on Germany in Document 37 (Final), pp. 1288 and 1296, respectively. For the minutes of the third meeting, see p. 1209.

[2] For text of this statement, issued on May 14, 1949, see *Germany 1947–1949: The Story in Documents* (Washington, Government Printing Office, 1950), pp. 324–326.

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Draft Agreement on Berlin Security

TOP SECRET New York, September 14, 1950.

Document 27 (Revised)[1]

The Foreign Ministers of the United States, Great Britain and France agree that their Governments shall take the following steps to maintain their position in Berlin:

1. Make the Soviets understand that armed aggression against Berlin from any source would be met with force and might mean general war.

2. Make the Soviets understand that any interference with Berlin transport by them or the DDR[2] will have the most serious consequences.

(The draft communiqué[3] covers these two points. The Allies should follow it up with stepped-up propaganda and other means.)

3. Build up Berlin food and fuel stocks to one-year's supply with rationing.

4. Reaffirm that counter-blockade measures against Soviet interference with Berlin transport will be taken in degrees commensurate with the Soviet or DDR interference. Direct the High Commission to prepare plans for such action at once.

5. Request the NAT countries to cooperate in such counter-blockade action and, while it is going on, to restrict their trade with the rest of the Soviet orbit to a level at most no higher than in the period preceding the action.

6. Strengthen Allied forces in Berlin by the assignment prior to 1 January 1951 to that garrison of additional French, British and United States units and authorize the formation of German auxiliary forces there.[4]

7. Make clear that the Soviet Union is[5] responsible for any armed attack upon Berlin or Western Germany by the East German forces inasmuch as they are in occupation of the Eastern zone. In the event of an armed attack from whatever source, defend Berlin by force, bring the relevant provisions of the North Atlantic Treaty into effect, and present the issue to the United Nations.

8. If the Soviet Union subsequent to the October 15 elections in the East Zone should take steps (including a separate peace settlement, withdrawal of occupation troops, etc.) to legally dissociate themselves from any of the responsibility for action by the East German government, the Occupying Powers agree that they will still hold the Soviet

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[1] This paper is a revision of Document 27 submitted by the United States Delegation at the third meeting of the Foreign Ministers on September 13, the text of which is indicated in the following footnotes (CFM Files: Lot M–88 : Box 152 : SFM Document 1–40). For the minutes of the third meeting, see p. 1209.

[2] The words "by them or the DDR" were not present in Document 27.

[3] Document 25, *supra*.

[4] Paragraph 6 in Document 27 read: "Strengthen Allied forces in Berlin and authorize the formation of German auxiliary forces there."

[5] In Document 27 the beginning of this sentence read "Hold the Soviet Union."

Union responsible for any infringement of the rights of the Occupying Powers by East Zone forces against Berlin or Western Germany. In the event of such action or at a time best calculated to deter or prevent such action, the Western Powers should publicly announce such position.

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Paper Prepared by NATO Deputies of the United States, United Kingdom, and France

SECRET

NEW YORK, September 13, 1950.

Document 31 (Revised)[1]

PROPOSED DIRECTIVE TO THE DEFENSE COMMITTEE OF THE NORTH ATLANTIC COUNCIL

The request of the Turkish Government that it be permitted to adhere to the North Atlantic Treaty was carefully considered by the Fifth Session of the North Atlantic Council. Consideration was simultaneously given to the position of Greece since it was felt that any arrangement made in the case of Turkey should also be extended to cover Greece. It was the opinion of the Council that at the present stage of development of the North Atlantic Treaty Organization it would not be feasible to extend the Treaty to include new countries. It was recognized, however, that in the case of the Mediterranean area, it would be desirable, if the Turkish and Greek Governments so desired, to make arrangements which would permit these two countries to be associated with such phases of the military planning work of the North Atlantic Treaty Organization as are concerned with the defense of the Mediterranean.[2] The purpose of these arrangements would be to facilitate coordinated military planning without extending the membership of the Treaty Organization.

The Governments of Turkey and Greece will be informed of the foregoing decision of the Council. If they indicate a desire to conclude such arrangements, the Defense Committee will be so informed and is authorized to take appropriate steps so that representatives of

[1] Document 31 (Revised) is the revision of Document 31 prepared by the NATO Deputies in light of the suggestions put forth and agreed by the Foreign Ministers at their third meeting on September 13. For the minutes of this meeting, see p. 1209; for the text of Document 31, see footnote 10 to those minutes.

[2] The records of the Foreign Ministers meeting indicate that a corrigendum was made for Document 31 (Revised), dated September 14. According to the corrigendum this sentence should read:

"It was recognized, however, that in the case of the Mediterranean area, it would be desirable, if the Turkish and Greek Governments so desired, to make arrangements which would permit these two countries to be associated with such *appropriate* phases of the military planning work of the North Atlantic Treaty Organization as are concerned with the defense of the Mediterranean."

Turkey and Greece may be associated with such phases of the military planning work of the North Atlantic Treaty Organization as are concerned with the defense of the Mediterranean and as is deemed appropriate by the Defense Committee.[3]

[3] According to the corrigendum the last phrase of this paragraph should read: "the defense of the Mediterranean and as are deemed appropriate by the Defense Committee." (CFM Files: Lot M–88: Box 252: Tri Docs)

CFM Files: Lot M–88: Box 152: SFM Documents 1–40

Draft of an Agreed Minute on East–West Trade [1]

SECRET

NEW YORK, September 13, 1950.

Document 33

1. The mutual security interest of the Western Allies in the present world situation requires that their joint efforts to increase Western military preparedness be accompanied by the prompt adoption of effective export controls to limit the short-term striking power of the Soviet Bloc and to retard the development of its war potential in the longer term. This policy is consistent with the general objective of strengthening the West relative to the East.

2. In addition to the embargo of exports of direct military significance (such as military end-products and the materials or equipment needed to produce them), it is essential to restrict exports to the Soviet Bloc of selected items, such as those on the US 1–B list, which are required in key industrial areas that contribute substantially to war potential.

3. Strategic considerations should be predominant in selecting items for international export control, and the opinion of military and intelligence advisers should be sought if there is doubt concerning the strategic importance of items recommended for control.

4. For items placed on International List II, strategic considerations require a reduction in the current rate of shipments to the Soviet Bloc. In cases where it is strategically important to restrict shipments of items to very small quantities (e.g., Group I of the US 1–B list), each participating country should allow only minimum "token" exports and should make known the economic necessity for permitting them in individual cases. In cases where quota control is feasible (e.g., Group II of the U.S. 1–B list), each country should limit shipments in this category on average to one-half of the average

[1] Prepared by the United States Delegation and introduced and discussed at the fifth meeting of the Foreign Ministers on September 18. For the minutes of this meeting, see p. 1234.

1947–1949 level and should provide information as to the extent of limitation being imposed. There should be exchange of information regarding exports of the foregoing and of any other items on the agreed list.

5. Representatives of the three Governments in Paris will urge other participating countries to act promptly to expand the coverage and determine the levels and methods of international export control as indicated above. These actions should be reviewed as soon as sufficient time has passed to test the adequacy of the foregoing principles.

CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40

Decision of the Foreign Ministers of the United States, the United Kingdom, and France With Regard to Germany [1]

SECRET New York, September 19, 1950.

Document 37 (Final)

DECISION OF THE MINISTERS ON GERMANY

The Foreign Ministers of France, the United Kingdom, and the United States have approved the recommendations of report of the Intergovernmental Study Group on Germany of September 5 [4], 1950,[2] with the modifications contained in the report submitted to the Ministers in New York on September 16, 1950.[3] They have agreed on a directive to the Allied High Commission for putting into force the agreed changes in the occupation controls, and for certain other measures resulting from this decision.

In addition, they have given a further directive to the Intergovernmental Study Group for the completion of their work. This will include the outstanding points not covered in the Study Group's first report, and subsequently a further review of the relationship between the three Governments and Germany in the light of the present international situation. The Group has also been instructed to revise the Agreement on Prohibited and Limited Industries in accordance with agreed principles which have been laid down.

The Ministers approved the principles relating to the treatment of claims against Germany. They further approved the agreement

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[1] Attached to the source text was a cover sheet, not printed, which indicated that the papers in Document 37 (Final) were approved by the Foreign Ministers at their fifth meeting on September 18. The previous draft, Document 37, September 16, had been revised (as indicated in footnotes below) on the basis of comments and suggestions by the Foreign Ministers. (CFM Files : Lot M–88 : Box 152 : SFM Documents 1–40)

[2] *Ante*, p. 1248.

[3] Presumably Document 37.

relating to German Police, an agreement covering the security of Berlin and a communiqué on Germany.

Additional Recommendations Regarding the Report of the Intergovernmental Study Group on Germany

(The following document has been agreed upon by the Advisers on Germany of the three Delegations.)

I. SETTLEMENT OF POINTS NOT AGREED IN THE STUDY GROUP REPORT

1. *Restitution.*

The power should be provisionally retained pending further study of the conditions necessary for its relinquishment.

2. *Reparations.*

The question of omitting the word "Reparations" does not arise at this time. The exercise of the power will be restricted as proposed in the Study Group Report.

3. *Foreign Affairs—General.*

The U.S.-French proposal is accepted on the following understanding: The power over foreign affairs is to be exercised only to the extent set forth in the Report, and for the period of the next phase of the relations between the Federal Republic and the Occupying Powers. The foregoing does not prejudice the position of the three governments in the case of a further revision of controls.[4]

4. *Foreign Affairs—Diplomatic Representatives to Occupying Powers.*

The U.S.-French proposal is accepted for the period of the next phase of the relations between the Federal Republic and the Occupying Powers.

5. *Foreign trade.*

The U.S. proposal is accepted.

6. *Form of the Revised Occupation Statute.*

It is agreed that the High Commission should recommend to Governments the draft of a document amending the Occupation Statute to formalize the changes in the occupation controls.

7. *Claims—Settlement plan.*

This issue is dealt with in the Report on Claims.

8. *Claims—Occupation costs.*

These have been discussed and it is agreed that they should be deferred until the general peace settlement.

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[4] The last sentence of paragraph 3 was not present in Document 37.

II. SETTLEMENT OF ADDITIONAL POINTS RAISED DURING THE TRIPARTITE MEETING

REPORT ON THE OCCUPATION STATUTE (SUBSTANCE)

1. *Preamble to Paragraph 2 of the Occupation Statute.*

The last sentence of the Study Group's recommendations on this point should be omitted.

2. *Decartelisation and Deconcentration.*

Substitute "December 31, 1950" for "at the time of revision of the Occupation Statute" in the Study Group's Report.

3. *Foreign Interests in Germany.*

The last sentence of the recommendation in the Study Group's Report should be eliminated.

4. *Report on Termination of the State of War.*

The report submitted by the Study Group is approved on the understanding that action to terminate the state of war will be taken at approximately the same time by each of the three Occupying Powers. Agreement as to a date will be reached through diplomatic channels.

5. *Report on German Cooperation Required to Warrant Relinquishment of Controls.*

No general undertaking will be sought from the Federal Republic regarding the treatment of foreign nationals, displaced persons and refugees as a necessary counterpart to the measures as a whole.[5]

INSTRUCTION TO THE ALLIED HIGH COMMISSION [6]

In their Declaration of September 18,[7] 1950, the Foreign Ministers of France and the United Kingdom and the Secretary of State of the United States have set forth the general principles which will guide their Governments in the next stage of their relations with the German Federal Republic.

The High Commission is instructed to take the necessary steps to put into force the agreed relaxations in the occupation controls as defined in the Report of Intergovernmental Study Group on Germany with the modifications contained in the Report submitted to the Minis-

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[5] In Document 37, paragraph 5 reads:

"No undertaking will be sought from the Federal Republic regarding the treatment of foreign nationals, displaced persons, and refugees."

[6] Among the records of the Foreign Ministers meeting is another draft of this instruction submitted by the United States Delegation on September 13 and designated Document 30, not printed. The format and problems considered are identical with those presented in the source text, but the text is different. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

[7] The date was left blank in Document 37.

ters in New York on September 16, 1950. It is understood that the High Commission will have latitude to make necessary adjustments on points of detail and may propose to their respective governments additional modifications which in their judgment may be necessary.

Before any of the authorized relaxations can be made it will be necessary for the High Commission to obtain certain commitments from the Federal Government. These are:

(1) an undertaking on the part of the Federal Republic of responsibility for the German pre-war external debt, and in respect of the postwar economic assistance to the Western Zones, as well as an assurance of cooperation in the working out and implementation of a settlement plan;

(2) an assurance by the Federal Government that it will cooperate with the Western Powers in the equitable apportionment of materials and products which are or may be in short supply or required for the common defense.

These assurances should be given formally by the executive branch of the Federal Government, and the first should be endorsed by the Bundestag. The High Commission should not wait, however, for Bundestag approval, but should proceed with the modifications in the occupation controls as soon as the assurances have been given.

The High Commission will recommend to governments a draft of a document amending the Occupation Statute to formalize the changes in the occupation controls.

The High Commission should transmit to the Federal Government the formula and interpretative minute on the status of the Federal Republic approved by the Ministers.

The governments of the Occupying Powers will prepare an appropriate notification concerning treaties of the former German Reich and will give the High Commission any further instructions required on this subject.

The High Commission should proceed to require of the German authorities the action referred to in the last paragraph of the Study Group's report on the termination of the state of war.

The Foreign Ministers have decided that the statement of principles governing the relationship between the Allied Kommandatura and Greater Berlin should be reviewed by the High Commission in the light of the decisions taken with respect to the Occupation Statute for the Federal Republic. The following principles should guide the High Commission in its work:

(i) For political reasons, the revisions of the Occupation Statute should be followed to the maximum extent possible in the Berlin Statement of Principles, while taking into account the special considerations arising out of Berlin's position.

(ii) The reserved powers in the Statement of Principles which are not in the present Occupation Statute should also be revised so as to grant the maximum freedom to the Berlin City Government and people consistent with the special considerations mentioned above.

DIRECTIVE TO THE INTERGOVERNMENTAL STUDY GROUP [8]

I. The Study Group should reconvene in London by the end of October to prepare recommendations to the three Governments on certain subjects which were not completed during the first phase of its work and on certain additional matters which are now considered to require examination. These recommendations should cover the following subjects:

A. Revision of the Agreement on Prohibited and Limited Industries in accordance with the Directive agreed separately on this subject.[9]

B. Review of the Agreement on Tripartite Controls.[10]

C. Review of the Charter of the Allied High Commission after receiving recommendations of the High Commission.[11]

D. Further study of the reserve power with respect to foreign interests in Germany, restitution.

E. Preparation of a plan for handling outstanding claims against Germany, in accordance with the agreed statement of principle.

With the exception of E, which will probably require continuing study, recommendations on the foregoing items should be submitted to the Governments by December 1.

II. The Study Group should undertake, at a time which will be determined by the three governments, a study of a further revision of the controls over Germany. The determination as to when this study will be undertaken will be made in the light of the international situation and the progress being made toward the establishment of common defense arrangements for Europe. The Study Group should propose, in the light of these circumstances and of the decisions which have been made by the governments at the time, what controls should be retained, how they should be exercised, and how the relinquishment of other controls should be effected.

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[8] Among the records of the Foreign Ministers meeting is another paper entitled "Draft Directive to the Intergovernmental Study Group," Document 29, dated September 13, not printed, submitted by the United States Delegation. Except for the addition of a preamble and another text for paragraph II, its text is generally the same as that printed below. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

[9] For text of the Agreement on Prohibited and Limited (Restricted) Industries, see *Germany 1947–1949: The Story in Documents* (Washington, Government Printing Office, 1950), p. 366; for text of the Directive, see the Agreement on PLI, below.

[10] For the text of the agreement on Tripartite Controls, see *Foreign Relations*, 1949, vol. III, p. 181.

[11] For text of the Charter of the Allied High Commission, see *Germany 1947–1949: The Story in Documents*, pp. 306–316.

It is contemplated that this revision would be in the form of a new self-contained Document setting forth the relationships between the Federal Republic and the Allies and superseding the present Statute as amended.[12]

III. As in the past, the Study Group will consult with the High Commission for information and may request the High Commission to assist in portions of its work.

IV. The Study Group should submit reports on its work to the three Governments whenever progress on any individual segment of the problems assigned to it makes this possible.

Agreement on PLI [13]

(1) The Ministers direct the Study Group to proceed as soon as possible with a review of the Agreement on Prohibited and Limited Industries in order to revise it in accordance with the following principles:

(*a*) The elimination of restrictions which have proved to be unduly burdensome in administration.

(*b*) The elimination of security restrictions which within the framework of the present relations between Germany and the Occupying Powers appears justified.

(*c*) The elimination of restrictions which would impede the common defence programme of the West.

(2) As an interim measure, the Ministers instruct the High Commission to inform the Federal Government that the High Commission by unanimous agreement in consultation with the Military Security Board is free to permit steel production to rise so that steel which may be exported or otherwise devoted to the defence effort of the West will not reduce the amount of steel available for German consumption.[14]

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[12] The text of section II in Document 37 was unagreed and reads:

"[II. *US–UK proposal:* The Study Group should after a lapse of time sufficient to permit the necessary preparatory work by the Governments and in any event not later than November 15, address itself to the consideration of a further revision of controls when satisfactory progress has been made toward a common defense, with which Germany is associated. It should propose, under these conditions, what controls should be retained and how they should be exercised. It should also propose how the relinquishment of other controls should be effected.]"

[13] Two other papers in the records of the Foreign Ministers meeting bear the title "Draft Agreement on PLI." The first, Document 26, dated September 13, not printed, was submitted by the United States Delegation and is similar to the text below; the second, Document 35, dated September 14, apparently a revision of the first, is identical with the draft agreement in Document 37 as indicated in the following footnote. (CFM Files: Lot M–88: Box 152: SFM Documents 1–40)

[14] In Document 37 the words "by unanimous agreement" were not present and there was an alternative French formula for paragraph 2 which reads:

"The Ministers agree that the quantity of steel exported which the Military Security Board rules as being devoted to increase the industrial potential of Western defence shall not be included in the steel tonnage which Germany is authorized to produce."

(3) As an interim measure, the High Commission will announce the removal of all restrictions on size, speed and number of commercial cargo ships for export pending the study by the ISG of the removal of similar restrictions on shipbuilding generally.

Principles Relating to Claims [15]

SECTION I. UNDERTAKING TO BE SOUGHT FROM THE FEDERAL REPUBLIC

1. The Federal Republic should acknowledge the debt in respect of the expenditure on economic assistance furnished by the Governments of the US, UK and France in the occupation period since May 8, 1945 to the extent to which appropriate acknowledgment has not yet been made, and should affirm that the claims of the three governments will have the priority and status provided for in the agreement relating to such assistance. In seeking this acknowledgment, the three governments, for their part, will give appropriate assurance to the Federal Government that in the settlement of the claims referred to they will consider German ability to pay and other relevant factors.

2. The Federal Republic should assume responsibility for the prewar external debt of the German Reich including those debts of other entities subsequently determined to be liabilities of the Reich, and for interest payments and similar charges on Austrian Government securities falling due after 12 March, 1938 and before 8 May, 1945. In connection with the assumption of this responsibility, the Federal Government will be assured that in the determination of the manner in which, and the extent to which, the Federal Republic is to fulfil the obligations arising therefrom, account will be taken of the general situation of the Federal Republic, including in particular the effects of the limitations on its territorial jurisdiction.

3. The Federal Republic should also express its desire to resume payments on the German external debt and to cooperate in working out and implementing a settlement plan.

SECTION II. THE SETTLEMENT PLAN

1. The three Governments agree that a plan for the settlement of claims against Germany and Germans should be initiated at the present time on the condition that the total effect of the settlement does not dislocate the German economy through undesirable effects on the internal financial situation nor unduly drain existing or potential German foreign exchange resources, nor add appreciably to the financial burden of any Occupying Power. The settlement arrangements should assure fair and equitable treatment of the interests affected and

[15] There was no paper on Claims in Document 37, but a parenthetical note indicated that one would be submitted.

remove as far as practicable obstacles to normal economic relations between the Federal Republic and other countries.

The plan should include in particular those categories of claims whose settlement would best achieve the objective of normalizing the economic and financial relations of the Federal Republic with other countries.

2. The arrangements to be worked out with regard to the settlement of any claim against Germany or Germans should be on a basis agreed by the three Governments.

3. Provided that a settlement plan is worked out in accordance with the principles outlined in the preceding paragraphs and provided further that agreed procedures and controls are established that will govern this settlement plan and all payments made under it, whether in foreign exchange or Deutschemarks, the three Governments agree to modify the priority of their claims in respect of postwar economic assistance to the extent necessary to permit the fulfillment of such an agreed plan. This qualified modification of the priority of claims in respect of postwar economic assistance should not preclude the continued fulfillment of the obligations which the Federal Government has already incurred under existing agreements concerning such claims.

4. The plan should provide for the settlement both of pre-war external public and private debts of all types and of claims for postwar economic assistance.

The plan should also provide for the settlement of certain claims in connection with social insurance operations and with the conversion into Deutschemarks of Reichsmarks brought back from Germany by repatriated prisoners of war and deportees, if these claims have not been disposed of before the establishment of the plan.

Consideration shall also be given to inclusion in the plan of certain other pre-war debts to residents of foreign countries which may not be strictly classifiable as external. The three Governments reserve decision on the question of internal Reich debts held by residents of foreign countries.

The settlement plan should not apply to the external debts of the city of Berlin and of the public utility enterprises controlled by it.

5. In the light of previous Agreements on this matter the three Governments have decided to exclude from the settlement plan claims relating to war damage to United Nations property in Germany.

6. The regulation of expenditure on external Occupation Costs is a subject normally dealt with in a peace treaty. It should therefore be deferred until a general peace settlement.

7. To carry out the proposals outlined above, and without prejudice to the retention of powers for other purposes, the Occupying Powers will retain reserve powers under the Occupation Statute in the field of foreign interests, claims against Germany and foreign exchange, to the extent necessary to provide for an orderly settlement of claims against Germany.

8. The settlement plan to be worked out in accordance with the above recommendations will be provisional and subject to revision when Germany is reunited and a final peace settlement becomes possible.

9. Further consideration must be given to the technical problems involved in the settlement of indebtedness, including the need to permit of adjustment in the light of changed circumstances, and to the working out of arrangements for the appropriate participation of other interested governments and of debtors and creditors. The Intergovernmental Study Group is instructed to formulate the settlement plan and work out the procedures and controls to govern it, in accordance with the principles outlined above.

Agreed Minute

I. The High Commission will be instructed to examine as a matter of priority the questions of:

(*a*) The status of Reichsmark balances of banks in territories annexed by Germany during the war which have not been converted into Deutschemarks;

(*b*) The status of the unsettled debit balances of German insurance companies in these territories;

(*c*) The problem of accounts of persons resident in these territories which were transferred to banks in the Western Zones.

The territories referred to above are Alsace-Lorraine, Luxembourg, and portions of Belgium.

II. There would be no objection to it being made publicly known that the foregoing problems are under examination by the High Commission.

III. The French Government reserves the right, if the problems referred to above are not decided within a reasonable period of time, to raise the matter for discussion at the governmental level.

German Mobile Police Force[16]

1. In his latest proposal the Federal Chancellor has asked for authority to create a Federal German internal security police force

[16] Classified top secret in Document 37, the paper on German Mobile Police Force is the same as Document 36, not printed (CFM Files: Lot M–88: Box 152: SFM Documents 1–40).

of 25,000 men in the first phase, to be increased to 60,000 men, after which the number would have necessarily to be reconsidered.

2. The High Commissioners recommend that the Chancellor should in reply be informed that the Foreign Ministers do not see their way to sanctioning this proposal as it stands, partly on grounds of principle and partly because the required Constitutional amendment would make it impossible to provide for German internal security with the speed and urgency required by the present situation.

3. Nevertheless the Foreign Ministers are impressed by the case which the Federal Chancellor has developed, and are anxious to meet him so far as possible. They are accordingly prepared to agree to the formation of a security police force on a *Land* basis, with a total initial strength of 30,000 subject to review. This force would have no normal powers of arrest, and would not perform routine police duties, but would be trained and used solely for the preservation of public order. Its units would be housed in barracks and equipped with light arms only.

4. In order that the force should be effective and in order to ensure that it should be at the disposal of the Federal Government in the event of any threat to public order, the Ministers agree that the High Commissioners may authorize the Germans to proceed on the following basis:

(1) There may be an Inspector General of the new security force.
(2) There may be a uniform system of recruitment, training and equipment.
(3) The Federal Government may prescribe standards for the recruitment of the force and the selection of the senior officers in such a manner as to ensure its efficiency and reliability.
(4) The various *Land* contingents may be determined and stationed not on the basis of the population but with regard to the situation in each *Land* and in particular the need for making a special provision for these *Laender* where public disturbances are most likely to occur.
(5) The financial contribution of the *Laender* may nevertheless be spread evenly over each *Land*.
(6) The Federal Government may assume authority over the whole force in time of emergency in accordance with Article 91 of the Basic Law.

5. In view of the Communist threat to instigate and carry out sabotage, civil disorder and resistance, the High Commission will have no objection if the *Laender* keep a portion of the mobile force not exceeding 25% of the whole in a special state of readiness so as to be able to discharge promptly any instructions of the Federal Government issued pursuant to Article 91 of the Basic Law.

Agreement on Berlin Security [17]

The Foreign Ministers of the United States, Great Britain and France agree that their Governments shall take the two following steps to maintain their position in Berlin:

1. Build up Berlin fuel and non-perishable food stocks to one-year's supply with rationing.
2. Reaffirm that counter-blockade measures against Soviet interference with Berlin transport will be taken in degrees commensurate with the Soviet or DDR interference. Direct the High Commission to prepare plans for such action at once.
3. Request the NAT countries to cooperate in such counter-blockade action and, while it is going on, to restrict their trade with the rest of the Soviet orbit to a level at most no higher than in the period preceding the action.
4. Strengthen Allied forces in Berlin by the assignment prior to 1 January 1951 to that garrison of additional French, British and United States units and authorize the formation of German auxiliary forces there.
5. Make clear that the Soviet Union is responsible for any attack upon Berlin or Western Germany by the East German forces inasmuch as they are in occupation of the Eastern zone. In the event of an armed attack from whatever source, defend Berlin by force, bring the relevant provisions of the North Atlantic Treaty into effect, and present the issue to the United Nations.[18]

Communiqué on Germany [19]

The Foreign Ministers have reviewed the situation in Germany and Allied relations with the Federal Republic, in the light of developments since their last meeting in London in May 1950. They have taken into account in their examination the views which have been expressed on recent occasions by the Government of the Federal Republic.

They and their Governments share the desire of the German people for the unification of Germany on a basis which respects the funda-

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[17] Entitled "Draft Agreement on Berlin Security" and classified top secret in Document 37, it is a revision of Document 27 (Revised), p. 1283.

[18] In Document 37 there follows a paragraph 6 which reads:

"6. If the Soviet Union should take steps to legally dissociate themselves from any responsibility for action by the East German government, the Occupying Powers agree that they will still hold the Soviet Union responsible for any infringement of the rights of the Occupying Powers by East Zone forces against Berlin or Western Germany. In the event of such action or at a time best calculated to deter or prevent such action, the Western Powers should publicly announce such position."

[19] Entitled "Draft Communiqué on Germany" and classified top secret in Document 37. The text of another draft communiqué, submitted to the Foreign Ministers by the United States Delegation on September 13 and designated Document 30, not printed, is in CFM Files: Lot M–88: Box 152: SFM Documents 1–40.

mental liberties. Despite their efforts to achieve this end, it will obviously not be realized so long as the Soviet Union continues to ignore proposals for democratic all-German elections, and to stage controlled elections such as the one to be held in the Soviet Zone on October 15.[20] Pending the unification of Germany, the three Governments consider the Government of the Federal Republic as the only German Government freely and legitimately constituted and therefore entitled to speak for Germany as the representative of the German people in international affairs.

They reaffirm their desire, of which they have already given many proofs, to integrate the Federal Republic into the community of free nations. They are convinced that the overwhelming majority of the German people want to take part in building the European community, and in strengthening its common civilization. It appears to them that the time has now come to take a new step towards the attainment of these aims.

In the spirit of the new relationship which they wish to establish with the Federal Republic, the three Governments have decided, as soon as action can be taken in all three countries in accordance with their respective constitutional requirements, to take the necessary steps in their domestic legislation to terminate the state of war with Germany.

This action will not affect the rights and status of the three Powers in Germany, which rest upon other bases. It will, however, create a firmer foundation for the developing structure of peaceful and friendly relationships and will remove disabilities to which German nationals are subject. It is hoped that other nations will find it possible to take similar action in accordance with their own constitutional practices.

The three Ministers have given serious consideration to the problem of the security of the Federal Republic in both its external and its internal aspects. They recognize the fact that outright military units have been created in the Soviet Zone of occupation and this fact together with recent events in Germany and elsewhere have given rise to a situation of great concern.[21]

The Allied Governments consider that their forces in Germany have in addition to their occupation duties also the important role

[20] Documentation on all-German elections and the October 15 elections in the Soviet Zone is scheduled for publication in volume IV.

[21] The last sentence of this paragraph reads as follows in Document 37: "They have been compelled to take into account the threat to world peace which arises from the creation of a German army in the Soviet Zone of occupation."

of acting as security forces for the protection and defense of the free world, including the German Federal Republic and the Western sectors of Berlin. To make this protection more effective the Allied Governments will increase and reinforce their forces in Germany. They will treat any attack against the Federal Republic of [*or*] Berlin from any quarter as an attack upon themselves.

The Ministers are fully agreed that the recreation of a German national army would not serve the best interests of Germany or Europe. They also believe that this is the view of the great majority of the German people.

The Ministers have taken note however of sentiments recently expressed in Germany and elsewhere in favor of German participation in an integrated force for the defense of European freedom. The questions raised by the problem of the participation of the German Federal Republic in the common defense of Europe are at present the subject of study and exchange of views.[22]

As regards internal security, the Foreign Ministers recognize the necessity for ensuring that the German authorities are enabled effectively to deal with possible subversive activities. To this end the Foreign Ministers have agreed to permit the establishment of mobile police formations organized on a *Land* basis but with provisions which would enable the Federal Government to have adequate powers to make effective use of all or part of this force in order fully to meet the exigencies of the present situation. The High Commission and the Allied Forces in Germany will render such assistance as may be feasible in the rapid establishment of this force.

The new phase in the relations between the Allies and the Federal Republic will be marked by major extensions of the authority of the Federal Government. To make this possible, the Occupying Powers are prepared to amend the Occupation Statute while maintaining the legal basis of the occupation, and the Federal Republic will be expected to undertake certain commitments and other actions consonant with its new responsibilities.

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[22] In Document 37 this paragraph was part of the preceding paragraph and reads:

"They have taken note of the Chancellor's statement of the willingness of Germany to participate in a unified European defense, and they recognize the anomaly of refusing the German people any part in that defense. This matter will continue to be studied and will be the subject of discussions with the German authorities, as well as other free European governments. At a time, under conditions and in a form to be determined, the Federal Republic will be given the opportunity to participate in the common defense of Europe."

In the field of foreign affairs, the Federal Government will be authorized to establish a Ministry of Foreign Affairs and to enter into diplomatic relations with foreign countries in all suitable cases. In other fields, and particularly in relation to internal economic matters, far-reaching reductions will be made in existing controls, and the present system of review of German legislation will be modified. In certain cases, the Allied powers will cease as soon as the Federal Government has given undertakings or taken suitable action. The High Commission will promptly begin discussions with the Federal Government to work out the necessary agreements for such undertakings.

The Foreign Ministers have also agreed that a review of the Prohibited and Limited Industries Agreement shall be undertaken in the light of the developing relationship with the Federal Republic. Pending this review the High Commission has been instructed to remove forthwith all restrictions on the size, speed and number of commercial cargo ships built for export [23] and to allow steel to be produced outside the present limitation where this will facilitate the defense effort of the West.

The three Governments pay tribute to the continued steadfastness of the people of Berlin in the valiant struggle of the city to preserve its freedom. They will continue to oppose aggression in any form against the people of the City, and are taking steps to strengthen Allied Forces there. In view of the heavy price Berlin has had to pay to defend its freedom, the Governments will continue their efforts to alleviate its economic situation. They have directed the High Commission to review the Statement of Principles governing the relationship between the Allied Kommandatura and Berlin, and to liberalize Allied controls in the city to the maximum extent practicable.

These decisions mark an important stage in the normalisation of the relations and should contribute towards the creation of an atmosphere of mutual confidence and understanding. They represent a major advance toward the progressive return of Germany to partnership in Western Europe and the consolidation of the Western nations in their efforts to establish a firm basis for the future peace of Europe and the world.[24]

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[23] The text beyond this point in Document 37 was not agreed. The U.S.–U.K. proposal reads "and to find means of giving greater flexibility," while the French proposal reads "and to find means, while maintaining the imposed limitations, of giving greater flexibility." The last part of the text was agreed and reads "in the production of steel in the light of the common defense needs."

[24] The text of the communiqué on Germany was released to the press on September 19.

CFM Files : Lot M–88 : Box 152 : SFM Documents

Agreed Minute on East-West Trade [1]

SECRET NEW YORK, September 26, 1950.

Document 40

1. The mutual security interest of the Western allies in the present world situation requires that their joint efforts to increase Western military preparedness be accompanied by effective export controls to limit the short term striking power of the Soviet bloc and to retard the development of its war potential in the longer term. This policy is consistent with the general objective of strengthening the West relative to the East.

2. In addition to the embargo of exports of direct military significance such as those on International List I, it is essential to restrict exports to the Soviet bloc of selected items which are required in key industrial sectors that contribute substantially to war potential.

3. Strategic considerations should be predominant in selecting items for international export control and the opinion of military and intelligence advisers should be sought in assessing the strategic importance of items recommended for control.

4. Officials of the three Governments should meet to prepare a list of key items in those industries which contribute substantially to war potential. The list should have regard to US list 1–*b*. In addition to those items of direct strategic value the export of which to the Soviet bloc should be prohibited, the list should specify: (*a*) those goods the export of which to the Soviet bloc should be prevented because they are urgently required for the defense needs of Western Europe; (*b*) those goods the export of which to the Soviet bloc should be quantitatively restricted; and (*c*) those goods the export of which is neither prevented nor restricted regarding which there should be an exchange of information on exports made to the Soviet bloc. In making their recommendations on items the export of which is to be prevented or restricted, officials should take account of the economic impact of those measures on the economy of Western Europe particularly of any loss of essential supplies, and of the means by which such loss could be made good.

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[1] The genesis of this agreed minute is unclear, but apparently it is the result of the discussions by the experts from the three delegations who were appointed by the Foreign Ministers at their fifth meeting on September 18. It represents a compromise between Document 33, the United States draft (p. 1285), and Document 39, the British draft (footnote 3, p. 1236). In Tosec 32, September 22, the United States Delegation stated that the text had been agreed by the Foreign Ministers on September 19, following their meeting with the Benelux Foreign Ministers (396.1 NE/9–2250).

5. The three Governments should inform the other participating countries of any additional controls which may be agreed, and urge on them the desirability of instituting the same controls.

6. The three Ministers express the strong desire that the officials of the three Governments should meet as soon as possible in order to reach a speedy conclusion on these matters.

THE POLICY OF THE UNITED STATES TOWARD THE FREE TERRITORY OF TRIESTE [1]

750G.00/1–1850

The British Embassy to the Department of State

SECRET
1029/1/8/50G

AIDE-MÉMOIRE

The British Embassy has been instructed to refer to the State Department's *Aide-Mémoire* of the 9th December, 1949,[2] regarding a conversation between Mr. Perkins [3] and Mr. Bebler [4] on the subject of the future settlement of the Trieste question. They have been asked to inform the Department that His Majesty's Government, having taken into consideration also the references to Trieste in Mr. Kardelj's [5] speech in Belgrade on the 27th December, and in an informal interview on the 16th December between Mr. Bebler and His Majesty's Ambassador in Belgrade [6] about which the State Department have been informed, consider that although the Yugoslav Government are anxious to negotiate with the Italian Government for a solution of the Trieste question, they will not make the first approach unless His Majesty's Government and the United States Government somehow pave the way. On the other hand indications from Rome are that the Italian Government will also take no initiative unless encouraged to do so.

2. The following are among the reasons for thinking that it is now in the common interests of the United Kingdom and United States to take positive action to promote an agreement between Italy and Yugoslavia regarding Trieste as soon as possible:—

a) It does not seem likely that Mr. Bebler would have spoken as he did unless the Yugoslav Government attached real importance to an agreement, even though it only resulted in their obtaining a portion of the Free Territory. They clearly consider that an agreement would

[1] For previous documentation with regard to the problem of Trieste, see *Foreign Relations*, 1949, vol. IV, pp. 497 ff.
[2] Not printed.
[3] George W. Perkins, Assistant Secretary of State for European Affairs.
[4] Aleš Bebler, Deputy Foreign Minister of Yugoslavia.
[5] Edvard Kardelj, Yugoslav Foreign Minister.
[6] Sir Charles Peake.

enhance the internal prestige of the Regime and that such an increase of prestige is necessary if the Regime is to weather future storms. The Foreign Office consider that the Yugoslav Government are the best judges of the value of an agreement from this point of view. In addition they hold it probable that the Yugoslav Government will be subjected to increasing pressure from the Soviet Government within the next few months. Any help that we can give Tito [7] should therefore be given before this period of renewed trials.

b) The continuation of the present status of Trieste is an obstacle to the development of good relations between Yugoslavia and the West.

c) If Marshal Tito's Government were to fall before an agreement was reached between Italy and Yugoslavia, an opportunity for solving the Trieste question would have been lost, the Free Territory would continue to be split, and the United Kingdom and United States would have to continue responsibility for Zone A indefinitely.

d) The present state of affairs gives rise to increasing tensions and difficulties locally. At the same time, there have been indications that the inhabitants of Zone A, who find themselves in exceptionally favourable circumstances under Allied Military Government, may progressively lose interest in the idea of reverting to Italian sovereignty.

e) The possibility cannot be excluded that the Soviet Government, in order further to embarrass the Yugoslav Government and to secure the withdrawal of Allied troops, might decide to associate themselves with the Tripartite Declaration on Trieste of the 20th March, 1948.[8] The line being followed by the Cominform Communists in Trieste is consistent with such an intention. If this were to happen, it would be more difficult for the Italian Government to accept a solution involving less than a return of the whole Free Territory to Italy, and a compromise solution would be made practically impossible. The adverse effects of this on the present Yugoslav Government should not be underestimated.

3. His Majesty's Government consider that, if these negotiations are to be promoted, encouragement and advice would have to be given to both parties. For their part, His Majesty's Government would be prepared to send the necessary instructions to their Ambassadors in Rome [9] and Belgrade, provided that the United States Government were willing to send similar instructions.

4. His Majesty's Government suggest, as regards the approach to the Italian Government, that without in any way withdrawing from the position that the right solution is the incorporation of the whole territory in Italy, the two Governments could inform the Italians of their opinion that it would be as much in their interest as in the British and American interests that they should enter into nego-

[7] Marshal Josip Broz Tito, Prime Minister of Yugoslavia.
[8] For text, see Department of State *Bulletin*, March 28, 1948, p. 425.
[9] Sir Victor Mallet.

tiations with the Yugoslavs for the reasons given in sub-paragraphs 2(*a*) to 2(*d*) above. The suggestion could be made that the Italians might assist in breaking the deadlock by sending a message to Mr. Bebler to the effect that they had been informed of his approaches to Mr. Perkins and Sir Charles Peake, and that they were anxious for clarification of his proposals.

5. As regards the approach to the Yugoslav Government, His Majesty's Government suggest that the two Governments could say that they doubted whether the Yugoslavs were right to assume that the Italians would reject all overtures for a compromise, that they had found the Italian Government to be responsive to reasonable suggestions and willing, as were the two Governments, to see the Trieste question settled. The two Governments could say that, in the circumstances, the Yugoslav Government would do well to reconsider their decision not to raise the issue with the Italians direct.

6. The British Embassy would be glad to receive the comments of the State Department on His Majesty's Government's proposals, and to learn whether the United States Government would be willing to join with His Majesty's Government in approaching the Italian and Yugoslav Governments on the lines suggested.

WASHINGTON, 18th January, 1950.

750G.00/1–2050 : Telegram

The Secretary of State to the Embassy in Italy[1]

SECRET WASHINGTON, January 20, 1950—3 p. m.

213. Burrows,[2] Counselor Brit Emb Wash presented note Dept Jan 18[3] suggesting joint *démarche* US and UK Govts to Ital and Yugo Govts suggesting desirability those Govts working out settlement Trieste issue near future. Brit Embs Rome and Belgrade have substance subj note in FonOff saving tel to Wash no. 131 Jan 10[4] and will make available you. Ur views Brit proposal requested to assist Dept formulate reply.

FYI fol observations made to Burrows at time receipt note:

1. Suggested approach more formal and involved us more directly in prospective negots than considered advisable;

2. We incline toward informal approach Itals only by US Amb[5] and to Yugos probably only by Brit Amb, bringing to attn each Govt expressed interest of other Govt in reaching settlement;

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[1] Repeated to Belgrade as 41, Trieste as 37, and London as 267.
[2] Bernard Burrows.
[3] *Supra.*
[4] Not printed.
[5] James Clement Dunn.

3. We believe Itals shld be approached first and Yugos subsequently rather than both simultaneously;
4. Note misleading in implications in Para 5 that Itals have already reacted to concrete suggestions from us.

We have doubts re possibility Trieste compromise settlement now and are curious as to reasons for apparent Yugo desire reach settlement which in our opinion cld only represent internally unpalatable retreat from position maintained since war by Tito. May suggest that Brit and Yugos have gone into this problem farther than we are aware. Yugo attitude reported final Para Rome's desp no. 18 Jan 9 [6] may also be contributing factor. Refdesp gives Ital account current Italo-Yugo negots on outstanding Peace Treaty questions in which Yugos take attitude that they are US protégés, that West powers flirting with Tito Govt and Yugos therefore in better position obtain concessions from Itals. Rome's and Belgrade's comments specifically requested on these points.

ACHESON

[6] Not printed.

750G.00/1–2450 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET BELGRADE, January 24, 1950—4 p. m.

86. After careful consideration issues raised in Deptel 41 January 20,[1] Embassy wishes to reiterate its firm belief that it would be very much to our advantage to bring about early settlement Trieste problem by agreement between Italian and Yugoslav Governments. We find British Foreign Office thinking on this subject (as outlined its telegram 131 January 10 to Washington) closely parallels our own and we strongly endorse proposal of joint *démarche*.

As we understand it fundamental consideration underlying Department's attitude has been presumed desirability retaining stabilizing influence of US troops in FTT.[2] To our minds advantage of troops' presence has gradually diminished with improved European situation, and we have felt for some months that it should be our policy to take a more positive line of action by encouraging an Italian–Yugoslav solution that would lead to removal this European sore spot while there is the present opportunity which may not endure or may not come again. Bearing in mind that existing FTT status has proved unworkable, that major western powers are at odds with USSR over future of territory, and that Yugoslavs would surely resist any imposed solution requiring them abandon Zone B, we feel that

[1] The same as telegram 213, January 20, 3 p. m., to Rome, *supra*.
[2] The Free Territory of Trieste.

an equitable compromise is the most sensible solution. Consequently, we think that policy outlined in Deptel 336 June 30, 1949 [3] offers little prospect achieving anything more than perpetuation of impasse.

We are optimistic that with goodwill of both governments, mutually satisfactory solution could be reached. The Yugoslavs are sincerely desirous of a settlement, as we have pointed out to the Department, because they fear Soviet adherence to the March 20 declaration would kill all hope of compromise and would place Yugoslav Government in obviously critical position. It is apparent that Yugoslav Government takes realistic view that compromise solution would give city of Trieste to Italians. We do not believe that settlement would be regarded internally as unpalatable retreat by government. Incidentally, we lend no credence to Italian suggestion mentioned last paragraph Rome's despatch 18 January 9 [3] that Yugoslavs are adopting attitude of "protégé" of US, or that Yugoslav Government has any such motivation in connection with Trieste problem as suggested in last paragraph Deptel 41. Although Yugoslav bargaining power is naturally increased by virtue of political benefit to west of continuing existence of regime, we think Italians exaggerate Yugoslav attitude. Yugoslavs are a stubborn and extremely independent minded people, and we think they have rather clearly demonstrated they are unlikely to adopt an attitude of being anyone's protégé.

On such evidence as we have seen, we are inclined to wonder whether Italian Foreign Office is being less than candid with us on Trieste issue. We have seen, for example, Bevin's [4] account of his August 13 talk with Sforza [5] at Strasbourg in which latter outlined what he thought might be a feasible solution of the problem: Yugoslavia would be given part of Zone B, a neutral demilitarized zone would be established, and remainder of territory including Trieste and its public utilities would be returned to Italy. Yet the Italian Foreign Office reportedly stated month later (Rome's 667 September 14) [3] that it "knows of no suggestion by County Sforza to Bevin re solution Trieste problem by agreement on partition Zone B". Similarly it is difficult to reconcile claim that compromise solution would cause crisis with Government with USPolAd's [6] report (Trieste's despatch 5, January 8, 1950) [3] that such comment as appeared in pro-Italian Triestine press had been mostly favorable re reports of an

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[3] Not printed.

[4] Ernest Bevin, British Secretary of State for Foreign Affairs.

[5] Carlo Sforza, Italian Foreign Minister.

[6] Thomas M. Judd, Acting United States Political Adviser to the Commander of the British-United States Zone of the Free Territory of Trieste.

apparent Yugoslav desire for solution through direct negotiations with Italy.

It is our opinion Yugoslavs quite correctly consider there is no prospect of getting anywhere with Italians on Trieste issue unless we are willing use our influence to alter their negative attitude. That US and UK hold key to question of whether any compromise can be attempted is self-evident. Consequently we agree with third numbered paragraph reference Deptel that Italians should be approached first. Re second numbered paragraph reference telegram, we would favor approach to Yugoslavs by Ambassador Allen [7] as well as British.

Ambassador Allen has read this message and concurs.

Sent Department, repeated Rome 9, pouched Trieste, Moscow.

REAMS

[7] George V. Allen, Ambassador in Yugoslavia.

750G.00/1–2650 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET ROME, January 26, 1950—8 p. m.

308. Deptel 213 January 20, repeated Belgrade 41, Trieste 37, London 267.[1] As we see it proposal for approach is predicated on four assumptions all of which we question. Assumptions seem to be:

1. Our national interest in peace and security would not be prejudiced by withdrawal troops from Trieste.
2. "Settlement of Trieste problem" would result from agreement between Italian and Yugoslav Govts.
3. Italian Govt wants compromise settlement now.
4. Yugoslavia wants agreement so badly that it will settle on terms reasonably acceptable to Italian Govt.

Our comments on these assumptions are:

1. Immense strides have been made in past two years in restoring confidence, economy, health and internal governmental stability in West Europe and in laying groundwork for establishing balance of power between West and East Europe, but that balance is as yet essentially unchanged and heavily against us. We believe that presence of troops in FTT is therefore just as important now as a stabilizing element as it was six months ago (Deptel 1343 June 29).[2] Department can best estimate psychological effect withdrawal on rest of West Europe. We are inclined to think it would be adverse, particularly in its coincidence with initiation MDAP.[3] This would cer-

[1] *Ante*, p. 1304.
[2] Not printed.
[3] Military Defense Assistance Program.

tainly be case in Italy where misgivings re our intent and ability to establish defensive lines including Italy have not been entirely allayed. As long as Italian people believe they will eventually get FTT back, we believe they would prefer to postpone negotiation involving compromise and thus assure retention our troops on that part of their frontier. Trieste is not a "sore spot" as long as our troops are there, but it certainly would become one if troops left, particularly if Tito should be overthrown and a new government should repudiate his compromise settlement.

2. If we desire forestall charges treaty violation—not only on grounds general policy but also at time when treaty structure scarcely begun and when issue satellite compliance is before international court—assent of 21 signatories would presumably be necessary to whatever "agreement" Italy and Yugoslavia could reach. British telegram does not mention this point. If future course has not been carefully charted in consultation with legal experts of both countries, should not this be done before we go any further? If bilateral agreement reached Soviets would then, it seems to us, have three choices: (*a*) assent, (*b*) counter with acceptance March 20 declaration, or (*c*) insist on strict construction of treaty terms. (*a*) would be most agreeable and advantageous to US, UK, Italian and Yugoslav Govts; such considerations do not increase its chances; (*b*) although remote, would be most embarrassing to us since it would give Soviets opportunity to appear more zealous in behalf of Italian interests than Italian Govt or West powers. We feel Soviets most probably would adhere as before to (*c*). Unless we can formulate with precision acceptable procedure from this point on, we wonder whether situation which by that time would have been created would improve our own position in either Italy or Yugoslavia. In Italy we would have reneged on our former declaration and would have obliged Italian Govt to take unpopular political position. In Yugoslavia we would have demonstrated at least our impotence to carry through a program against Soviet obduracy. It seems to us questionable practice to endorse a project, success of which may depend so largely on Soviet congeniality.

3. Apparent discrepancy between statement attributed by British to Sforza and statement made to me by Secretary General (Embtel 2846 September 1)[4] need not suggest degree of bad faith imputed in Belgrade's 86 January 20.[5] Sforza may well have been speculating in expansive conversation on future settlement, without any intention of implying that Italian Govt was suggesting such a solution for near future. Statements attributed to him do in fact represent his views as to nature ultimate settlement and these views are shared by many responsible Italians inside and outside Foreign Office. I believe, however, that Italian Govt does not contemplate final settlement now on compromise terms. Advantage of having our troops on their east frontier and unwillingness to concede anything in that area beyond small area of Yugoslav zone FTT (settlement which we very much doubt would suit Tito) probably incline Italian Govt to favor con-

[4] Not printed.

[5] Presumably Belgrade's telegram 86 of January 24, 1950, to the Secretary of State, *supra*.

tinuance *status quo*. Reasons which British propose for our use in showing Italians that settlement is in their interest would not help much in persuading them. We believe Italian interest is in postponement final settlement and that they would therefore not respond to type of approach proposed. We would have to bring very heavy pressure and this would not only go against March 20 statement, with all disadvantages implicit in such action, but it would be contrary to our own interests in Italy to force Italian Govt to acceptance solution contrary to what they believe to be their own present interests.

4. From information we have it is hard to estimate how badly Yugoslav Govt wants settlement, or why British seem to be satisfied with argument that Yugoslavia "thinks settlement important" but our own interests are at stake and, with our experience of perverted reasoning of Communist mind, we are entitled to form our own judgment on basis of much more detailed explanation from Yugoslav Govt itself of their reasons for wanting settle Trieste now (Belief expressed by Bebler to Perkins on November 25 that opinions of Togliatti [6] and Nenni [7] in 1946 are guide to views of Italian Govt and people today suggest something is wrong, at least with Bebler's thinking processes). We doubt whether Yugoslav Govt is really thinking of kind of settlement which Italians would deem reasonable, and they may be taking advantage of what they believe to be their political bargaining power with us or with British to overstate urgency of settlement in hopes of getting cheap victory. We appreciate that such victory would contribute in some measure to Tito's popular support, but surely he can gain just as much if not more popular support by continuance present line.

As to British reasons for *démarche* we have following additional comments on reasons numbered *b*, *c*, *d* and *e* in Foreign Office's telegram 131, January 10: On British point (*b*), some Italians believe we are already going too fast in improving Yugoslavia's relations with West; in any case basic purpose our Yugoslav policy is to keep Tito as corrosive threat to Soviets; as to British point (*c*), concern that "our troops will have to remain indefinitely" may suggest that British desire for settlement is administration's impatience at continuance of occupation. This is incidental factor which should not bear on decision unless morale of troops were very bad or troops were needed urgently elsewhere; as to British point (*d*), a summary of past year in USPolAd Trieste despatch 389 [8] November 13 does not support conclusion that internal tensions and difficulties and independence sentiment have reached proportion suggested. As to (*e*), we wonder whether implications Soviet adherence to March 20 declaration out of clear sky are in fact sufficiently disadvantageous to require embarking on proposed project.

My conclusion from foregoing discussion is that in present circumstances our interest lies in continuation present situation and I believe we should hold to views expressed by Perkins to Bebler on Novem-

[6] Palmiro Togliatti, Secretary-General of the Italian Communist Party.
[7] Pietro Nenni, Secretary of the Italian Socialist Party.
[8] Not printed.

ber 25. Original encouragement given by Peake (Belgrade's 602 [9] June 21) without prior consultation of his government with ours, confirms impression advanced by Dept in its 213 January 20 to Rome [10] that British have gone into this question more deeply and perhaps with other reasons than they have yet advanced. Reasons they have advanced do not seem to be convincing. Entire question should perhaps therefore be subject of exhaustive discussion with British in Washington if further action is contemplated. (As signatory March 20 declaration French might feel they should be included). If thereafter Dept reaches conclusion that withdrawal troops not contrary our interests and that Soviets likely concur in treaty revision, I suggest next step would be very careful exploration by US and UK Ambassadors in Belgrade of reasons for Yugoslav desire for settlement and kind of settlement they have in mind. At same time British Ambassador here and I could make initial approach to Foreign Minister with suggestion that in view of Bebler's approach to Perkins Italians might indicate readiness to give consideration to Yugoslav approach. I believe any approach in either capital should be made by both Ambassadors (acting separately) in order to preclude any possibility of further misunderstanding.

Sent Department 308; repeated Belgrade 4, Trieste 9, London 30.

DUNN

[9] For text, see *Foreign Relations*, 1949, vol. IV, p. 508.
[10] *Ante*, p. 1304.

741.13/2–350 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET ROME, February 3, 1950—7 p. m.

436. We are informed that during his visit Bevin discussed following subjects with Sforza and Foreign Office:

1. Yugoslavia. Bevin inquired regarding developments re Trieste and when informed that Italians adhered to Tripartite Declaration he pointed out that this would be difficult to obtain in actual practice. He mentioned, however, that Yugoslavs might be preoccupied over possibility of Russian surprise adherence to declaration as move against Yugoslavs and, therefore, would be disposed to negotiate with Italy. He was told in general way of recent Yugoslav approach to Foreign Office (Embtel 399, February 1, repeated London 48)[1] and that matter was now under study.

[1] Not printed.

Sforza pointed out that Yugoslav position vis-à-vis Russia would not be helped by too rapid political developments and that emphasis should be more along economic lines. He also felt any possibility of discussions with Italy would not be helped if Yugoslavs felt they had backing of UK and US.

[Here follow three paragraphs on subjects other than Trieste.]

Sent Department 436; repeated London 53.

DUNN

750G.00/3–1350 : Telegram

The Ambassador in Yugoslavia (Allen) to the Secretary of State

SECRET BELGRADE, March 13, 1950—2 p. m.

324. I have come reluctantly to conclusion that no useful purpose can be served by further consideration Trieste question at this time. In view of Italian insistence on substantial implementation of tripartite declaration (Rome's 1011, March 10)[1] and Yugoslav reluctance to surrender any Zone B territory, further Italo-Yugoslav talks would probably produce only increased friction without positive accomplishments.

I am inclined to believe that even now Italians can get small part Zone B, including Capodistria, if they are willing to settle for that, but do not see any possibility persuading Yugoslav Government to do more.

Sent Department 324, repeated Rome 31, Paris 51, London 44, Trieste 17.

ALLEN

[1] Not printed.

750G.00/3–1750

The Secretary of State to the British Ambassador (Franks)

SECRET

NOTE VERBALE

The Secretary of State presents his compliments to the Ambassador of Great Britain [1] and has the honor to refer to the observations of the British Government upon the Trieste situation, presented in an *Aide-Mémoire* of January 18,[2] which have been given serious consideration by the United States Government.

[1] A notation in the margin of the first page reads "Handed to British by Mr. Thompson, March 17, 1950."

[2] *Ante*, p. 1302.

The United States Government shares, of course, the conviction that it would be in the general interest of peace and security if a lasting solution for the Trieste problem could be formulated and implemented. It is also recognized that the present situation may offer a unique opportunity to reach such a solution and that this opportunity would very possibly disappear if there were to be a change in the Yugoslav regime. The United States Government, however, is also conscious of the many difficulties which stand in the way of a final settlement of the Trieste problem and is inclined to approach any concrete moves with considerable deliberation. Despite the possible sources of conflict inherent in the continued existence of the Free Territory, great care must be exercised, lest in the search for a permanent settlement new frictions and animosities are generated which revive certain difficulties now dormant.

The British and United States Governments, it is believed, are in accord in the conviction that any lasting solution of the Trieste situation must be one which is acceptable to the two most interested parties, namely Italy and Yugoslavia. As Powers responsible for the administration of part of the Free Territory, the United Kingdom and the United States are, of course, vitally interested in any solution.

Since the receipt of the *Aide-Mémoire* of January 18, delivered by the British Embassy in Washington, it appears that the Yugoslav Government has approached the Italian Government to discuss a settlement of the Trieste problem.[3] It seems questionable whether this Yugoslav overture will lead to any concrete discussions in view of recent uncompromising statements by Yugoslav officials[4] both in public and in conversation with American representatives in Belgrade. These statements may not in fact mean that the Yugoslav Government intends to abandon completely its efforts to undertake discussions with the Italians. Nevertheless it is clear that the Italian Government is not prepared to take any initiative at this time, or even to discuss it with the Yugoslavs in the absence of some indication of a more reasonable attitude.

It was earlier suggested to the Italians, before this unfavorable turn in events, that they consider the Yugoslav overture very care-

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[3] Mario Luciolli, Counselor of the Italian Embassy, had reported this approach to Llewellyn E. Thompson, Jr., Deputy Assistant Secretary of State for European Affairs, in a conversation at Washington on February 14, 1950. This report is covered in a memorandum of conversation by Mr. Thompson; not printed (750G.00/2–1450).

[4] These were reported in Belgrade's telegram 264 to the Secretary of State (750G.00/3–150), in Belgrade's telegram 279 of March 3 to the Secretary of State (750G.00/3–350), and in Belgrade's telegram 37 of March 4 to the Embassy in the United Kingdom (750G.00/3–450); none printed.

fully and weigh the unfavorable consequences which might arise from declining to discuss the Trieste situation further with the Yugoslavs. As a means of keeping the discussions going without committing the Italians in advance to any particular solution the Department of State suggested at that time that the Italian Government might consider asking the Yugoslavs for a concrete proposal. Unfortunately it is the understanding of the United States Government that the Italian Government feels unwilling now, as noted above, to take such action at this time and intends to make no further response to the tentative Yugoslav approaches.

The United States Government feels that it would be unwise for any outside party to inject itself into this situation at this time beyond taking any appropriate opportunity to remind both parties of the advantages of a settlement, which should take ethnic factors into account, and the necessity for both sides to make substantial concessions from the positions they have publicly adopted if a settlement is to be reached.

There are two questions which require careful consideration at this time regardless of the progress of any possible talks between Italy and Yugoslavia. The first of these has to do with the response which would be made by the Governments of the United Kingdom, France and the United States should the Soviet Union unexpectedly agree to the proposal made by those three Governments on March 20, 1948. The second deals with the implementation of any agreement which the Italians and Yugoslavs might reach on the disposition of the Free Territory of Trieste, assuming the Governments of the United Kingdom and the United States found this agreement acceptable. This includes the question of the withdrawal or maintenance in the Free Territory of British and American troops. As the British Government is aware, representatives of the two Governments have already taken up these questions in informal, exploratory talks in Washington.

The Department of State has prepared tentative suggestions on the first of these two points as a basis for further discussion; these are presented below. The Department of State is studying the second question and hopes to put some tentative suggestions before the British Government in the near future. Meanwhile any observations or suggestions which the British Government might wish to make would be welcomed.

Should the Soviet Union in whatever manner indicate its agreement to the return to Italy of the Free Territory of Trieste, on the basis of the March 20 tripartite proposal or on some other grounds, the United States Government suggests that the United Kingdom and French Governments join it in a prompt expression of satisfaction

that the Russians are at last ready to support a stable solution to this perplexing problem along the lines which the Three Powers have advocated for some time. The Three Powers would add that the Trieste problem should, of course, be settled in a manner acceptable to the two states most directly interested, namely Italy and Yugoslavia, if the settlement is to be a permanent and stable one.

If circumstances should permit at that time the Three Powers could add, following consultation with the Italian and Yugoslav Governments, that those two Governments are in fact currently seeking a mutually agreeable settlement of the Trieste problem against the background of the tripartite proposal, envisaging adjustments where necessary in the interests of finding a permanent and stable solution. Whatever arrangements are worked out by Italy and Yugoslavia could be given formal recognition by the Four Powers, as well as the other powers which originally participated in the establishment of the present Italo-Yugoslav boundary arrangements, through the conclusion of a new agreement.

The United States Government feels that the foregoing course of action would involve a minimum of embarrassment to the Italian and Yugoslav Governments. Moreover, the Soviet Union, if this line is followed, would be more likely to have to acquiesce in any bilateral arrangements worked out by Italy and Yugoslavia. It is felt that any other course that is open to the Three Powers, should the Soviet Union take the action envisaged above, would arouse the inflexible resistance of the Yugoslavs to any compromise solution and might well lead to the incorporation of Zone B in Yugoslavia.

WASHINGTON, March 17, 1950.

750G.00/3–2250

Memorandum of Conversation, by Mr. Joseph N. Greene, Jr., of the Office of Western European Affairs

SECRET [WASHINGTON,] March 22, 1950.

Participants: Lord Jellicoe, Second Secretary, British Embassy
Mr. Greene, WE

Lord Jellicoe came in to ask for clarification of some points arising out of the *Note Verbale* which Mr. Thompson handed Mr. Burrows on March 17,[1] and of their conversation at that time.

Lord Jellicoe first asked if I could tell him what we had in mind in the second paragraph on page 4 in referring to "any appropriate

[1] *Supra.*

opportunity to remind both parties of the advantages of the settlement . . .". I said that I would envisage two sorts of "appropriate" opportunities. The first would be those that come up in the course of our normal, day-to-day contacts here and abroad with Italian and Yugoslav representatives. It is the thought that, without taking the initiative in bringing the subject up, in a way which might be interpreted as pressure, we and our representatives would take advantage of openings which might be given us to make the observations suggested in our note. The adjective "appropriate" in this sort of situation, I observed, has a subjective connotation.

The other sort of opportunity which might arise would be one involving public action by the Italian or Yugoslav Governments, which might be used as a peg on which to hang a reminder. In such instances, I felt that we would envisage consulting with the British Government to determine whether the opportunity were "appropriate".

Lord Jellicoe also asked about that part of our Note dealing with action in the event of Soviet agreement to the March 20 proposal and Mr. Burrows' understanding of Mr. Thompson's comment thereon. Mr. Burrows had wondered what we might do if the Italians and Yugoslavs were not at the time "currently seeking a mutually agreeable settlement" of the problem. He had understood Mr. Thompson to say that we, the United States, would probably feel that we would have to stand on the March 20 proposal. I read Lord Jellicoe Mr. Thompson's record of this part of the conversation with Mr. Burrows,[2] which seemed to clear the matter up for him; I assured him that Mr. Thompson had not intended to convey to Mr. Burrows that we are thinking of backing away from the March 20 proposal under present circumstances.

Lord Jellicoe also asked about that part of our Note (page 5) leaving over the consideration of the second question which we must consider, namely the implementation of any Italo-Yugoslav agreement. I explained that this page in our Note meant exactly what it said, namely that we here in the Department have not yet been able to get our political and legal lines organized to the point where we could put anything specific down on paper. As soon, however, as our own views do become crystallized, we will want to discuss them with HMG, and meanwhile will welcome any further views they may have.

[2] Not printed.

665.68/3–2350 : Telegram

The Secretary of State to the Embassy in Italy [1]

SECRET WASHINGTON, March 29, 1950—3 p. m.

1106. Luciolli, Counselor Ital Emb, called Mar 23 to request US representations Yugo Govt re Zone B. In addition to points mentioned urtel 1193 March 23 [2] he suggested we refer to Apr 16 elections Zone B.

We inclined agree ur view re effect our failure indicate support Ital representations, perhaps similar to action re currency conversion last July (Deptel 1491 Jul 13).[3] We shall, of course, wish consult Brit and Fr re action in this instance. Meanwhile, fol are our prelim thoughts, on which addressees' comments requested:

Dept shares Ital concern that Yugos may plan final incorporation Zone B in Yugo as Guidotti [4] suggests. While this appears as possibility Dept also believes possible that Yugos trying establish firm bargaining position to maintain for themselves as much as possible of Zone B in any eventual Italo-Yugo negot for Trieste settlement. Tone of Yugo statements (Belgrade's 362 Mar 17 and others) [3] suggests basically conciliatory attitude which wld support second of two foregoing interpretations.

Much as US wld deplore Yugo *fait accompli* of annexation Zone B which we wld, of course, refuse to recognize as having legal validity, impossible at this time to say what if any punitive action wld be undertaken by US. While such highhanded Yugo actions cld not be condoned, any US action must be considered above all in light of possible effect on ability of Yugo to prevent Cominform recapture. Ital Govt statement that "it will not accept *fait accompli* of any kind etc." has no clear meaning for us but it is hoped that Ital Govt will not commit itself in advance to action which at a later date might appear highly undesirable.

Stated Ital disposition to initiate negot for establishing econ customs unity Zones A and B appears represent change Sforza's views

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[1] Repeated to Trieste as 163, London as 1404, Belgrade as 246, and Paris as 1355.

[2] Not printed; Dunn had reported that the Italian Foreign Office had instructed its Ambassador in Washington, Alberto Tarchiani, to urge the Department of State to make such representations as it might consider appropriate to the Government of Yugoslavia. The Italian Foreign Office thought that official representations by the three powers to the Belgrade Government might be successful in preventing further unilateral action by Yugoslavia in Zone B. Dunn urged the Department to give sympathetic consideration to Ambassador Tarchiani's representations. (665.68/3–2350)

[3] Not printed.

[4] Gastone Guidotti, Director General of the Political Department of the Italian Foreign Office.

of last Jul (last para Rometel 2155 Jul 15)[5] and must first be reconciled with statement in Ital note to AMG Mar 7 (Trieste 169 Mar 22 rptd Rome 40).[6] Assume customs unity two zones wld entail introduction Ital lire Zone B and application in Zone B of regulations along same lines as those of Mar 9 and subsequent agreements between Italy and Zone A. Appears highly unlikely Yugos wld accept this offer to negotiate except, perhaps, as opportunity to lead into resumption of Trieste settlement talks. In this connection, Yugos have strong defense of present financial situation Zone B which they can attribute to earlier Ital unwillingness take reasonable steps to carry out Italy's Peace Treaty financial obligations toward Zone B. In unlikely event Yugos accept idea econ union Zones A and B, many difficult questions raised re ECA [7] and related matters. These wld have to receive careful study by US and UK Govts before any proposal cld be endorsed, in spite of obvious polit advantages of such union.

In gen Dept remains strongly persuaded desirability bilateral settlement Trieste issue now. While sharing Ital annoyance at Yugo statements and actions and recognizing limitations on concessions which Italy can make to Yugos we nevertheless hope very much that Itals will keep door open to discussions with Yugos, reserving final judgment on Yugo motivations, and will avoid overlooking any opportunity settle question bilaterally and thus permanently forestall incorporation Zone B in Yugo.

FYI only Dept meanwhile studying possibility of approaching Yugos to forestall incorporation Zone B in Yugo and action which US wld take in event incorporation occurs.

ACHESON

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[5] Not printed.

[6] Not printed; it reported that the Italian Government was informed that Yugoslavian authorities in Zone B allegedly intended to discontinue or restrict the movement of persons between the two zones. Should this happen, the only counteraction left to Italian disposal would be the stopping or restricting of the movement of goods between the zones. In this matter the Italian Delegation expressed the intention to ask for the cooperation of the Allied Military Government. (750G.00/3–2250)

[7] Economic Cooperation Administration.

Editorial Note

On April 14, 1950, Ambassador Allen called on the Deputy Foreign Minister of Yugoslavia, Vladimir Popović, to make certain statements as part of a parallel approach to the Government of Yugoslavia by the Governments of the United States, the United Kingdom, and France. The statements responded to earlier ones made by Yugo-

slavia's Deputy Foreign Minister, Leo Mates, and Deputy Foreign Minister Ivo Vejvedo to the Italian Minister at Belgrade, Mr. Martino. These statements were reported in telegram 1537 of April 7, 1950, from the Secretary of State to the Embassy in France; not printed. The Yugoslav officials had informed the Italians that the only agreement that the Yugoslav Government could possibly enter into with Italy would be one which provided for the retention of Zone B by Yugoslavia and the return of Zone A to Italy. They further stated that they did not believe that the British and United States Governments would go to war over Zone B nor that these governments would put pressure on Yugoslavia over Zone B. (665.68/4–1050)

After consultation with the British and French Governments, reported in telegrams 1457 from the Secretary of State to the Embassy in France (665.68/4–550), 1915 from the Embassy in the United Kingdom to the Secretary of State (665.68/4–1050), and 1617 from the Secretary of State to the Embassy in Yugoslavia (665.68–1150), none printed, Ambassador Allen made a presentation to Mr. Popović, reported in telegram 491 from the Embassy in Yugoslavia to the Secretary of State, not printed. Ambassador Allen said: "After considerable study of the Trieste question by the US, the UK, and the French Govts, I am instructed to express the views of my Govt, arrived at in consultation with the Govts of Great Britain, and France. They are:

"1. The earnest hope both Yugo and Italy will avoid further provocative speech and action and will make serious efforts to extend area of agreement. While we recognize Yugo statements of [having] no intention to annex Zone B, we hope Yugo will especially avoid any acts which arouse fears of such annexation.

"2. Interests of both Yugo and Italy in stabilizing their relations generally through overall review outstanding matters.

"3. We are interested in maintenance of good Yugo-Ital relations, but primarily responsibility rests with the two Govts, and we have no intention entering into substance except where we may be concerned as occupying power or where mutually consulted.

"4. We believe area of agreement exists. Both sides have said they earnestly desired settlement, which we accept as genuine." (665.68/4–1450) The Yugoslav Government responded that it had no intention of annexing Zone B (665.68/4–1450).

On April 21, 1950, Ambassador Dunn made the following statement in Rome to Count Sforza, reported in Rome's telegram 1647 to the Secretary of State, not printed:

"My Govt, as has recently been made clear to the Ital Emb in Wash, is anxious for an early settlement of the Trieste problem. The US Govt has, therefore, in concert with the UK and French Govt, considered what action can be taken and, in particular, what action

shld be taken as a result of the Ital Govt's approach of Mar 23 concerning the abolition of the customs barrier between Zone B of the Free Territory of Trieste and Yugo." (665.68/4–2150) The Ambassador then informed the Italian Foreign Minister of the points that had been made to Deputy Foreign Minister Popović by Ambassador Allen on April 14, 1950, and urged the Italian Government to continue to refrain from making statements or taking actions which might be construed as provocative in Yugoslavia (665.68/4–2150).

On April 20, 1950, the Soviet Government delivered a note on the Free Territory of Trieste to the Ambassadors of the United States, the United Kingdom, and France at Moscow. For the text of the Soviet note, see *Documents on International Affairs, 1949–1950* (London, Royal Institute of International Affairs, 1953), page 515. The main thrust of the Soviet note was an accusation that the Governments of the United States, the United Kingdom, and France had violated the Treaty of Peace with Italy with respect to the Free Territory of Trieste, and that these governments had been obstructing the appointment of a governor for Trieste for a period of three years.

On April 21, 1950, the Department of State released to the press a statement by Secretary Acheson on the Soviet note on Trieste. For the text of this statement, see Department of State *Bulletin*, May 1, 1950, page 701. In that statement the Secretary said that the Soviet note was a repetition of a number of out-worn arguments, with the addition of some new and wholly false allegations of violations of the Italian peace treaty, which could only be taken as an attempt to disrupt efforts to achieve a solution to the Trieste question among the parties most directly concerned.

750G.00/5–950 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, June 1, 1950—5 p. m.

2629. Dept concludes, after consideration views Embs Rome, Belgrade, and Moscow,[2] that reply to Sov note on Trieste can not be avoided. In addition to reasons set forth Deptel 2241 [3] May 12 there is now Sov refusal fix date for future mtgs Aust Treaty Deputies [4] until reply on Trieste recd. Also believe re Moscow tel 1483 [5] May 25

[1] Repeated to Rome as 1932, Belgrade as 416, Trieste as 323, Paris as 2493, and Moscow as 467.

[2] The views of these Embassies on the Soviet note of April 20.

[3] Not printed.

[4] Documentation with respect to the Soviet position on Austrian Treaty Deputies is scheduled for publication in volume IV.

[5] Not printed; in it Kirk reported that he had been discussing with the British Embassy at Moscow possible courses of action in regard to Soviet charges that the United States had failed to respond to the Soviet Union on Trieste and the Soviet tactic of making progress on Austria dependent on Trieste (750G.00/5–2250).

rptd London 233 Trieste note [6] shld be without ref to Aust Treaty, since latter will be subj further note at later date.

Reurtel 2710 May 17 [7] Dept now shares Brit and Fr views (Paris tel 2465 May 23)[8] as to effect reiteration Mar 20 proposal. Concerned, however, that language proposed fifth sentence para 2 and para 3 Brit draft [9] might give Sov Govt unnecessarily generous opening further to embarrass us by either accepting Mar 20 proposal or coming up with "another solution" such as swapping implementation for an Aust Treaty.

While we have no substantive objection first two sentences second para Brit draft,[10] still prefer first para Dept's draft in Deptel 2241,[11] and propose revised second para to read as fols:

"The impossibility of execution of Treaty was at basis proposal addressed by three Govts to Sov Govt on Mar 20, 1948. Far from representing an attempt violate Peace Treaty as Sov note further alleges this proposal was an invitation to Sov Govt join in amending Peace Treaty to achieve a permanent, peaceful settlement Trieste question based on consideration of welfare and wishes inhabitants of area. US Govt convinced that such a settlement can best be achieved

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[6] The possible reply to the Soviet note of April 20.

[7] Not printed; Ambassador Douglas had reported that the British Foreign Office felt that anything short of a reiteration of adherence to the declaration of March 20, 1948, on Trieste would upset the Italians and that therefore such a statement must be included in any reply to the Soviet Union (750G.00/5–1750).

[8] Not printed.

[9] This was reported in London's telegram 2710 of May 17, 1950, to the Secretary of State; not printed. Paragraph 3 of the British draft reads as follows:

"3. HMG trust that the Soviet Government will recognize that the project for a free territory had been shown to be impracticable and will agree that another solution must be found."

Sentence 5 of paragraph 2 of the British draft reads: "The Soviet Government not having accepted the proposal of the three powers it has not been implemented." (750G.00/5–1750)

[10] The first two sentences of the second paragraph of the British draft read as follows:

"His Majesty's Government reject categorically the allegation that they together with the US and the French Governments have violated the treaty of peace with Italy in respect of Trieste by hindering the appointment of a governor. The truth is that it was the obstructive attitude of the Soviet Government towards the choice of a governor which made it impossible to carry out the intentions of the peace treaty, and which led HMG together with the US Government and the French Government to the conclusion that the Free Territory solution contemplated in the peace treaty was unworkable." (750G.00/5–1750)

[11] Not printed; the first paragraph of the Department of State's draft reply to the Soviet Government was reported therein. This reads: "US Govt has considered the Soviet note of Apr 20, re FTT. US Govt rejects categorically the allegation that US, UK and Fr have violated Treaty of Peace with Italy in respect to Trieste. Insofar as it has not been possible to implement the provisions of that Treaty, responsibility lies squarely upon Sov Govt whose conduct fol the conclusion of the Treaty rendered the settlement envisaged therein impossible of execution. Continued admin of part of territory of Trieste by US and UK and maintenance there of small Allied mil contingents to assist in that admin is pursuant to obligations assumed by US and the UK under Art I of Annex VII of Treaty. US and UK have of course never had naval base or naval installations of any kind at Trieste." (750G.00/5–950)

by agreement among parties directly concerned. Sov Govt's latest intervention this question was obviously designed to sow confusion and impede such mutually satis agreement and hence injure cause of peace by delaying consolidation of harmonious internatl relations in Adriatic area."

In this connection, do not believe texts three Govts replies need be identical, but do believe they shld be substantially similar to avoid any appearance disunity, which wld jeopardize possibilities settlement this question. Accordingly, hope that Brit and Fr will agree to modify their draft to keep it in line with our proposed second para.

Dept believes language we propose will fit satisfactorily into public atmosphere Italy as reported Rome tels 2183 May 24 and 2242 May 29.[12]

Re Brit preference for longer, detailed rebuttal Sov allegations re FTT admin, Dept still believes reply of such nature wld from point of view propaganda and polit value be less effective than shorter version. Dept suggests as alternative that Gen Airey be requested to frame his forthcoming report on admin Zone A with view to refutation Sov charges of mil basis and AMG mal-admin but without specific ref to these charges. Dept believes this procedure wld have added merit of getting before SC document on which refutation can be based if Sov Govt takes matter there or to GA.

Re Brit query re manner in which US has publicly made clear views on agreement between interested parties, SecState in press conf April 12[13] replied to question re Sforza's Milan speech suggesting settlement with Yugo that US Govt has always hoped that two nations cld work out together solution Trieste matter so is thoroughly sympathetic with suggestion. For SecState statement Apr 21 press conf re Sov note see WB[14] 94 Apr 21.

Dept proposes hand copies our reply to Sov note to Yugo and Ital Ambs here after its delivery Moscow, and to take occasion raise with Yugo Amb matter Zone B travel restrs. Brit Emb May 17 informed Dept Bevin, after conversation with Sforza, had instructed Brit Amb Belgrade take up with Yugo auths question Zone B travel restrs, avoiding debate on merits actions Zone B officials and concentrating on gen thesis that if there is to be favorable atmosphere for Italo-Yugo negots on Trieste question, both sides must avoid actions which other finds provocative. FonOff hoped Dept wld similarly instr Belgrade. Ital Govt has also expressed hope something can be done to

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[12] Neither printed.

[13] The Secretary's brief statement was reported in the Department's telegram 295 of April 13, 1950, to the Embassy in Yugoslavia; not printed. The statement read "We have always hoped that the two nations cld work out together a solution of that matter so we are thoroughly sympathetic with the suggestion." (750G.00/4–1350)

[14] Wireless Bulletin. The text of the Secretary's statement is presented in the Department of State *Bulletin*, May 1, 1950, p. 701.

restore situation Zone B. As it appears from Trieste tel 319 May 27 [15] rptd London 18 and from info recd by Brit Emb here Peake has already made representations. Dept doubts, considering time lapse, effectiveness parallel step by US Amb Belgrade now. Belgrade will, however, be auth to raise Zone B travel restrs in gen terms if occasion arises.

ACHESON

[15] Not printed.

750G.00/6–350 : Telegram

The Ambassador in Yugoslavia (Allen) to the Secretary of State

SECRET BELGRADE, June 3, 1950—9 p. m.

706. I left following *aide-mémoire* with Deputy Foreign Minister Prica [1] today: "Mr. Allen said his government had in no way lessened interest in Trieste situation or hope that solution might be found through direct Yugoslav-Italian negotiations. He said Department was aware, from statements by Foreign Minister Kardelj and Ambassador Popović [2] in Washington, that Yugoslavia did not believe conditions existed for immediate solution of problem. Mr. Allen expressed renewed hope, nevertheless, that both Italian and Yugoslav Governments would continue to seek solution and would not take actions which would render an understanding more difficult.

"In latter connection, Mr. Allen asked Mr. Prica if he could say what the purpose of Yugoslav authorities was in imposing restrictions on travel between Zones B and A and whether it might be feasible to lift them."

Prica, who had been approached on this subject already by British and French Ambassadors,[3] replied in strong terms, reflecting more irritation and bitterness than I have ever witnessed on part any Yugoslav official. He said Yugoslav Government would find it most difficult to restrain itself on this question any longer, since Yugoslav willingness to remain quiet "at our request" had led public in US and western Europe to swallow Italian propaganda and regard Yugoslavia as responsible for present Trieste situation. He said only Com-

[1] Srdja Prica, Fifth Deputy Foreign Minister of Yugoslavia.

[2] Vladimir Popović, who made his initial courtesy call on Mr. Perkins at the Department June 1, 1950. At that time the new Ambassador of Yugoslavia launched into a lengthy discussion of Italian-Yugoslavian relations. In a memorandum of the conversation, not printed, Mr. Perkins recorded that the Ambassador heavily stressed Yugoslavia's desire to reach a general settlement with Italy of all outstanding problems but that the Italians were responsible for the interruptions of negotiations. Mr. Perkins reminded the Ambassador of Foreign Minister Kardelj's attack on Italy in his Maribor speech of February 27. (665.68/6–150)

[3] Jean Payart.

inform was benefitting from continued strife over Trieste and professed inability to comprehend why US Government, whose assistance to Italy was hundred times greater than to Yugoslavia, found it impossible to persuade Italians to accept our advice to remain quiet. He characterized Italian press agitation against Zone B travel restrictions as "ridiculous" and recalled that when Yugoslavs had protested long ago over our travel restrictions in Zone A, we had replied that they were international matter. He alleged that Zone B restrictions were made necessary by smuggling of persons and goods, had never been made air-tight since Yugoslavs had permitted minimum of 1,000 persons to cross zone frontier daily, and were already being relaxed. He declared restrictions would be further relaxed to maximum extent conditions permitted.

I urged in strong but friendly terms that Yugoslav Government refrain, in its own interests and in our common desire to avoid giving aid and comfort to Cominform, from rash or hasty actions.

Prica was undoubtedly speaking under instructions and reflecting true Yugoslav bitterness over what they regard as renewed triparite pressure. I should point out, however, that Prica took no exception to the contents of my memorandum and said he considered our general point of view constructive provided it could effectively be made known to the Italian Government [4] as well.

Sent Department 706, repeated info Rome 92, Trieste 43.

ALLEN

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[4] On June 3, 1950, in Rome's telegram 2323, not printed, Ambassador Dunn reported that he had received a note from Sforza on Trieste dated June 1. The rough translation of the note reads as follows:

"In my recent speech in Senate (May 26) and in talks in London on the occasion of last NA Council meeting, I said that to be able to initiate direct Italian-Yugoslav negotiations on delicate question of Zone B it was indispensable to have period of watchful silence which would lay to rest polemics and remove all bitterness thus creating suitable atmosphere for tranquil study of problem.

"On Italian Government's side necessary action was naturally taken to this end; but on Yugoslav side necessary not be grounds for inevitable and justifiable act [garble] as result of initiation or continuation of vexatious measures infringing fundamental rights of Italians. This applies to traffic between zones on which no obstacle was placed until few months ago, now rendered difficult, although not formally restricted by direct police action against sea and land traffic, as UK, French, and US observers can daily note. To this situation must be added drafting of persons allegedly in public interest with result that workers in Zone B employed in Zone A must either go without work or move with families to Zone A. Continuous distribution by Yugoslav authorities in Zone B of forms to request transfer of residence to Zone A supports this hypothesis.

"All these Yugoslav actions, which have had deep reaction on Italian public opinion, are of relatively recent date and have disturbed relations between two countries which, since the end of war and even before separation of Yugoslavia from Cominform, were gradually improving, to point of making possible initiation of negotiations on numerous pending questions most of which have been satisfactorily resolved.

"You will agree that re-establishment and maintenance of that atmosphere is indispensable for starting any kind of direct negotiations with sufficient prospect of success. If we for our part have not taken steps which would make restoration of that atmosphere difficult, it is also necessary I repeat that its renewal be sought with good will on Yugoslav side." (665.68/6–350)

750G.00/6–750 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, June 6, 1950—7 p. m.

2781. Re alterations reply to Sov Note proposed urtel 3180 Jun 7: [2]

1. Dept accepts addendum following date in first sentence second para Dept's text [2] but wld prefer "reflect" rather than "govern". Believe "govern" carries connotation of rigidity which Sovs might find convenient in countering our reply; and word "reflect" is better suited to objective of eventual Yugo-Ital agreement.

2. Dept prefers retain "was" in second sentence para 2, again with propaganda effect in mind. Use of "contained" might lead to discussion of what else was in Mar 20, 1948 note. If Brit and Fr unwilling accept this change, you are auth agree to "contained".

3. Agree omission last ten words Dept's text.

According our understanding and if Brit and Fr now agree, fol will be text of note to Sov Govt:

Begin text. US Govt has considered Sov Govt's note of Apr 20 [3] re FTT. US Govt rejects categorically allegation that US, UK and Fr have violated Treaty Peace with Italy re Trieste. Insofar as it has not been possible implement provisions of that Treaty, responsibility lies squarely upon Sov Govt whose conduct fol conclusion Treaty rendered settlement envisaged therein impossible of execution.

Continued admin of part of Territory of Trieste by US and UK and maintenance there of small Allied mil contingents to assist in that admin is pursuant to obligations assumed by US and UK under Art 1 of Annex VII of the Treaty.[4] US and UK have, of course, never had a naval base or naval installations of any kind at Trieste.

Impossibility of execution of Treaty was at basis of proposal addressed by three Govts to Sov Govt on Mar 20, 1948, which proposal has continued reflect attitude of US Govt. Far from representing an attempt violate Peace Treaty as Sov note further alleges, this proposal was an invitation to Sov Govt join in amending Peace Treaty to achieve a permanent, peaceful settlement of Trieste question based on consideration of welfare and wishes of inhabitants of area. US Govt is convinced that such a settlement can best be achieved by agreement among parties directly concerned. Sov Govt's latest intervention this question was obviously designed sow confusion and impede such mutually satis agreement and hence injure cause of peace. *End text.*

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[1] Repeated to Rome 2022 re Rome's 2383 June 7, Paris 2659, Belgrade 442, Trieste 336, and Moscow 498.

[2] Not printed.

[3] See editorial note, p. 1317.

[4] For text of the Treaty of Peace with Italy, see Department of State Treaties and Other International Acts Series (TIAS) No. 1648, or 61 Stat. (pt. 2) 1245.

Re penultimate para urtel 3180 Dept has no objection giving detailed rebuttal Sov charges to press as background, and will prepare similar background for use here. In this connection, Dept notes error of fact in second sentence third para Brit long draft reported urtel 3088 Jun 2,[5] in that Sovs agreed accept Buisseret, a candidate for governor not proposed by Sovs, as early as Oct 10, 1947 in private mtg SC permanent members. While we may not wish in view confidential nature private mts on governor, give such detail to press, believe errors of fact shld be avoided in background material.

We will deal separately with gen subj Airey [6] report, re Trieste tel 336 Jun 6 [7] rptd London 20.

Dept had been under impression our replies wld be delivered in Moscow, where Sov note delivered. Believe that considerations of speed, accuracy and joint timing adequately met by this procedure. Emb Moscow hereby authorized deliver text quoted above to Sov Govt upon receipt similar instrs Brit and Fr Embs, and in consultation with them. As soon as delivery confirmed, Dept will hand copies US note to Ital and Yugo Embs here and will assume Brit and Fr FonOffs acting similarly.

ACHESON

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[5] Not printed; it reported the text of the British long draft which reads in paragraph 3: "The note alleges in the first place that HMG, together with the US and French Governments, by hindering the appointment of a governor of Trieste prevented the establishment of the regime contemplated in annexes VI and VII of the Peace Treaty with Italy, of which the latter provides in its first article that the governor should assume office at the earliest possible moment after the treaty had come into force. The truth is that although the treaty came into force on September 15, 1947, it was not until January 1948 that the Soviet Government had agreed to accept any candidate for the post of governor other than one proposed by themselves and they rejected all the numerous candidates proposed by other governments without giving any reason. It was in fact the obstructive attitude of the Soviet Government towards the choice of a governor which made it impossible to carry out the intentions of the peace treaty, and which was instrumental in causing HMG to join the US Government and the French Government in making the proposal referred to in their public tripartite declaration of March 20, 1948, to which HMG still adhere. Far from representing 'an attempt to violate' the peace treaty, as the Soviet note further alleges, the proposal took the form of an invitation to the Soviet Government to join in amending the peace treaty by subscribing to an additional protocol. The Soviet Government not having accepted the proposal of the Three Powers, it has not been implemented. Meanwhile, in the absence of agreement on the part of all concerned to a final solution of the problem British and US troops have continued to occupy Zone 'A' in accordance with the peace treaty." (750G.00/6–250)

[6] Gen. Terence Airey, Commander of the British-United States Zone of the Free Territory of Trieste.

[7] Not printed.

Editorial Note

On June 16, 1950, after consultation with the British and French Governments, the United States delivered a reply to the Soviet note

on Trieste of April 20, 1950. Ambassador Kirk delivered the United States reply to the Soviet Foreign Office at Moscow at about 11 : 30 a. m. Moscow time. The text of this reply is contained in an annex to a memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Under Secretary of State, dated June 13, 1950; not printed (750G.00/5–1350). The text of the reply is printed in the Department of State *Bulletin*, June 26, 1950, page 1054. The thrust of the reply was that the United States Government categorically rejected the allegations that the Governments of the United States, the United Kingdom, and France had violated the Treaty of Peace with Italy in respect to Trieste. The reply also rejected Soviet charges that the United States or the United Kingdom had ever had a naval base or naval installations of any kind at Trieste.

765.04/6–2350

The Department of State to the Italian Embassy [1]

AIDE-MÉMOIRE

It is recalled that Mr. Luciolli called at the Department of State on June 9, 1950 to discuss the question of the flag used on vessels registered in Trieste and calling in Yugoslav-controlled ports. It was indicated at that time that an inquiry would be made into the matter.

As a result of its inquiry, the Department has ascertained that the question has two aspects:

1. The type of registration certificate carried by Trieste vessels; and
2. The flag to be flown by such vessels when in Yugoslav-controlled waters.

With regard to the first point, the Department has been informed that the Italian Government has made certain suggestions with regard to the certificate carried by Trieste vessels, to avoid the possibility that Italian Consular officials abroad might not recognize such certificates and thus refuse to perform Consular services for Trieste vessels. The Department is informed that Allied Military Government in Zone A has accepted the proposals of the Italian Government and that the new certificate of registration for Trieste vessels will parallel Italian registration certificates, usually called "Act of Nationality", although differing from such Italian certificates in that they will not indicate the nationality of the vessels nor prescribe the flag to be flown by it. Thus the use either of an Italian or a Trieste flag is not precluded.

With regard to the second aspect of the question, the Department understands that it first arose on April 8, 1950, when the Trieste

[1] Handed to Mr. Luciolli by Mr. Greene on June 23, 1950.

vessel *Salvore* was temporarily detained during a call at Fiume and was permitted to depart on condition that on future calls the ship carry an Act of Nationality and fly the Triestine instead of the Italian flag. It is understood that at that time Trieste vessels were flying the Italian flag exclusively, primarily to qualify for assistance by Italian Consular officers. Allied Military Government found no satisfactory alternative to advising the Trieste Merchant Marine to fly the Trieste flag whenever calling in a Zone B or a Yugoslav port. In this connection, it appears that the question of Consular assistance does not arise as there are neither Italian, United States, or United Kingdom Consuls in Yugoslav ports.

The Department is also informed that the Italian Government, when it learned of Allied Military Government's advice in the matter, protested that there is no legal basis for flying the Trieste flag since the Free Territory of Trieste does not, it is maintained, exist in international law and therefore there is no Trieste flag. It is understood that the Italian Government further held that in this situation ships having Trieste registration have Italian nationality and can sail only under the Italian flag. Allied Military Government is understood to reject this argument, on the grounds that the legal existence of the Free Territory separate from Italy has been established.

In this latter connection, the Department would point out that even though the permanent statute of the Free Territory of Trieste (Annex VI of the Treaty of Peace with Italy) is not yet in force, in accordance with Article 21(2) of the Treaty, Italian sovereignty over the area of the Free Territory has ceased.

It is understood that a number of alternatives to the arrangements described above have been examined and rejected. One would be that Allied Military Government establish a new registration system completely distinct from the Italian system, with vessels flying the Trieste flag and protected overseas by United States and/or United Kingdom Consular officers. Obviously great administrative difficulties would ensue from such an arrangement, since the vessels are now registered and assessed and the crews are enlisted in conformity with Italian laws. Another alternative considered was that Triestine ship owners, especially of vessels likely to call in Yugoslav-controlled ports, transfer the registration of their ships to Venice, whence they would fly the Italian flag. The difficulties of this arrangement, including the difficulty of assuring employment to Trieste crews, are obvious.

The Department would point out that Allied Military Government has cooperated in accepting the requests of the Italian Government concerning alterations in registration certificates for Trieste vessels. The Department believes that a reasonable perspective of the further question of flags indicates the desirability of avoiding unnecessary and

indeed impractical controversy over it. It is hoped therefore that the Italian Government will share this view of the situation and will recognize the expediency of Trieste vessels flying the Trieste flag when calling in Yugoslav-controlled ports.[2]

WASHINGTON, June 23, 1950.

[2] In an *aide-mémoire* from the Italian Embassy to the Department of State dated September 5, 1950, not printed, the Italian Embassy replied to the Department of State's *aide-mémoire* of June 23. In its reply, the Italian Embassy noted that Italian maritime legislation was still in force in Trieste according to Article 1 of the instrument relative to the provisional regime of the Free Territory of Trieste, and that therefore vessels registered in the Maritime District of Trieste were authorized to fly the Italian flag. It was further noted that Article 33 of the permanent Statute of the Free Territory of Trieste was not applicable at that time, inasmuch as the application of the terms of the Statute during the provisional regime presupposed that a governor had been appointed. The Italian Embassy concluded that there were well-grounded reasons that in the prevailing situation, and according to the Italian legislation still in force, the vessels registered in Trieste should not be requested to fly flags other than Italian (765.04/9–550).

Editorial Note

On July 8, 1950, the Soviet Government delivered a second note on Trieste to the Governments of the United States, the United Kingdom, and France. The note was in reply to the reply of these governments of June 16, 1950, in response to the first Soviet note on Trieste of April 20, 1950. For the text of the second Soviet note, see *Documents on International Affairs, 1949–1950* (London, Royal Institute of International Affairs, 1953), pages 519–521.

The second Soviet note on Trieste alleged that the United States and the United Kingdom had turned Trieste into an Anglo-American naval base. The note insisted that a governor be appointed for the Free Territory of Trieste immediately and that a provisional government be established there.

750G.00/7–850 : Telegram

The Secretary of State to the Embassy in the Soviet Union[1]

SECRET WASHINGTON, July 14, 1950—6 p. m.

43. Urtel 74 Jul 8.[2] Dept concurs there is no need for formal reply to second Sov note on Trieste.[3] Secy's statement Jul 12 press conference re Aust Treaty Depty's mtg[4] said "Second note merely rpts

[1] Repeated to Vienna as 65, USUN as 35, London as 239, Paris as 232, and Rome as 193, Belgrade as 39, Trieste as 20.

[2] Not printed.

[3] See editorial note, *supra*.

[4] Documentation regarding the position of the United States respecting the Austrian Treaty meetings is scheduled for publication in volume IV.

unfounded allegations in Sov note on Apr 20.[5] This Govt's reply of Jun 16 [6] adequately answered those allegations."

Dept has informed Brit and Fr Embs its views and understands from Fr Emb that Fr Govt sees no need for reply.

Dept believes that it wld be helpful in our relations with Ital, Yugo and Aust Govts if, in informing them of our views as stated para 1 above, we cld also say that our Amb Moscow has orally acknowledged receipt second Sov note on Trieste and has said that since it adds nothing to their earlier note we have nothing to add to ours of Jun 16. We are suggesting this course to Brit and Fr Embs.

ACHESON

[5] See editorial note, p. 1317.
[6] See editorial note, p. 1325.

750G.00/8–850 : Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

SECRET Moscow, August 8, 1950—2 p. m.

349. British and French Embassies here having been instructed in same sense as Deptel 79, July 27,[1] we have, on basis reasoning set forth Embtel 200, July 24,[2] jointly agreed to make no acknowledgment, written or oral, of Soviet note on Trieste of June 20.

Department pass London, Paris, Vienna, Belgrade, Rome, Trieste, USUN, Frankfort. Sent Department 349, repeated info London 87, Paris 78, Vienna 10, Belgrade 12, Rome 15, Trieste 4, USUN 39, Frankfort for Reber 48.

KIRK

[1] Not printed.
[2] Not printed; in it the Secretary of State suggested that the Embassy in the Soviet Union should await the receipt by the British and French Embassies of similar instructions before proceeding with the oral acknowledgment of the second Soviet note. The Missions at Rome, Belgrade, and Vienna were authorized to inform their respective foreign offices of U.S. views regarding the second Soviet note on Trieste. (750G.00/7–2450)

750G.00/8–850

The Department of State to the British Embassy

SECRET

AIDE-MÉMOIRE [1]

The future of Trieste has been the subject of some correspondence and discussion between the Government of the United Kingdom and

[1] An identical *aide-mémoire, mutatis mutandis,* not printed, was delivered to the French Embassy on August 9, 1950 (750G.00/8–950).

the Government of the United States. In the most recent step the British Government informally raised certain questions regarding the action which the two Governments might take to facilitate agreement on Trieste by the Governments of Yugoslavia and Italy. In commenting upon the future action which might be taken to this end, the Government of the United States also wishes to present its views upon the legal aspects of the implementation of an Italo-Yugoslav agreement and the steps which might be taken for the implementation in the United Nations of such an agreement. The views contained in the latter two sections of this *Aide-Mémoire* are also being transmitted to the Government of France.

United States–United Kingdom Action

Without discussing in detail the points raised by the Foreign Office, the Department agrees that

(1) it is not in the interest of the United States and the United Kingdom, nor will it improve the chances of a successful direct negotiation between the Yugoslavs and the Italians, if the United States and United Kingdom are pushed into the forefront of the battle of grievances between the Yugoslavs and the Italians;

(2) the Ambassadors of the United States and the United Kingdom in Belgrade should not, therefore, be instructed, under present circumstances, to go further than they have already gone in supporting Italian complaints;

(3) the United States and United Kingdom should continue to take advantage of appropriate occasions to advise both sides to refrain from making provocative speeches or stimulating inflammatory articles;

(4) there is no need to be unduly pessimistic, because both sides have indicated a desire to reach a settlement and both should know perfectly well what the ultimate settlement must be, viz., an ethnic line in both zones, coupled with local economic arrangements.

The success of any approach to the Italian and Yugoslav Governments depends primarily on its timing, and it would appear that the atmosphere will be more propitious for settlement after a period of calm has prevailed. The Department is of the opinion that under present circumstances the United States and United Kingdom should not continue to urge both sides to proceed with direct negotiations, particularly as it is apparent that the Tito Regime has no intention at this time of abandoning its so-called "neutral" position or of affording any ground for giving credence to the Cominform allegation that Yugoslavia is aligned with the Western nations against the Soviet Union and its Satellites. At such time as it appears appropriate to press for settlement, the Department suggests that both the Italian and Yugoslav Governments be approached by the representatives of the United States and the United Kingdom.

Legal Aspects of Implementing an Agreement on Trieste

If the Italian and Yugoslav Governments reach an agreement upon the division of the Free Territory of Trieste, which is acceptable to the United Kingdom, France and the United States, but not to the Soviet Union, its implementation will require the solution of certain legal problems.

It is a general principle of international law that amendment or supersession of an earlier agreement by a later one requires consent therein by all states that are parties to the original agreement. Although support can be found in international practice for the modification by contiguous states of their common boundary without consultation with other signatories to the agreement by which the boundary was established, it would be very difficult to support, by reference to international law or practice, the disposition by contiguous states of a "free state" without the consent by the other signatories to the international agreement by which the free state was established. In view of the clear language of Article 21 of the Italian Treaty, i.e., "There is hereby constituted the Free Territory of Trieste . . .", it is difficult to see how we can avoid proceeding on the assumption that a free state has been established, even though it has as yet no Constitution or government.

This is a particularly relevant objection in a case, as here, where it has been agreed that the free state will include an internationally-supervised free port which is expressly intended for the use of other signatories. An added hurdle in the present case would be the expectation of the parties, expressed in the Permanent Statute of the Free Territory, that the free state will be "demilitarised and declared neutral". (Annex VI to the Italian Treaty, Article 3, paragraph 1)

The doctrine of *rebus sic stantibus*, which has never been successfully invoked in any international forum, is probably not directly relevant to the proposed plan of action. As interpreted by most commentators on international law, the doctrine merely states that when an essential change has occurred in the state of facts which formed the basis for an international agreement a party to that agreement may ask a competent international tribunal or authority to relieve it of its obligations under the terms of the original agreement. The facts in the present case do not seem to meet this test. The doctrine of *rebus sic stantibus* suggests the possibility, however, that States which wish to settle problems of immediate common interest in a manner inconsistent with international agreement entered into with other States, whose acceptance of the proposed solution cannot be secured, can minimize general criticism of their action by submitting the proposed solution to an international forum for approval.

528-933—77——85

Approval by the inhabitants of Trieste seems desirable. We are not certain it would be necessary in the event of concurrence by all the signatories to the Italian Treaty. It would undoubtedly be helpful, however, in providing support for any action taken in absence of such concurrence.

It seems sound to begin with a proposed treaty open for adherence by all of the parties to the Italian Treaty, whether or not the new treaty is designated as an "amendment" of that Treaty. In the event of opposition by the Soviet Union, and its satellites, Poland and Czechoslovakia, it would be advisable before proceeding in the face of opposition to secure the general approval of an international forum. The General Assembly of the United Nations would probably provide the best international forum in which the problem of Trieste could be discussed and general support for the proposed solution secured. The fact that Italy is not a member of the United Nations would not be an obstacle. Unanimous approval would not be required.

Implementation in the United Nations of an Agreement on Trieste

If the Government of the United Kingdom and the Government of France, to which the United States Government is also presenting its views, agree with the conclusion expressed above that the legal aspects of the implementation of an Italo-Yugoslav agreement on Trieste can best be settled by proceeding through the United Nations, then the United States Government would propose the following steps as a basis for discussion with a view to arriving at an agreed procedure:

1. Upon conclusion of a satisfactory Italian-Yugoslav agreement, Italy and Yugoslavia together with the United States, British and French Governments (as co-sponsors of the March 20 Declaration) would propose to all the other signatories of the Italian Peace Treaty the conclusion of a treaty which would incorporate the agreement reached by the Italians and Yugoslavs.
2. The same five powers would advise formally the Security Council of the agreement in a well reasoned communication pointing out the unworkability of the Peace Treaty arrangements as well as the advantage of the Italian-Yugoslav agreement; the communication would also state that all signatories to the Italian Peace Treaty are being approached with a view to obtaining their agreement to the new Treaty.
3. It is expected that all the signatories with the exception of the Soviet Union, Poland and Czechoslovakia would indicate agreement to join in the new treaty. After rejection by the Soviet Union another diplomatic approach should be made by the five powers (joined possibly by other signatories to the Peace Treaty) advising the Soviet Union that all the other signatories had indicated their willingness to accept the Italian-Yugoslav agreement and proposing that the Soviet Union reconsider its position in the light of this new factor.

Copies of the diplomatic exchanges would be sent to the Security Council.

4. The Soviet Union would presumably reject or ignore this second approach. Italy, Yugoslavia, the United States, the United Kingdom and France should then bring the matter before the General Assembly of the United Nations under Article 14 of the Charter. This Article provides that "Subject to the provisions of Article 12, the General Assembly may recommend measures for the *peaceful adjustment of any situation regardless of origin*, which it deems likely to impair the general welfare or friendly relations among nations . . .". The five states would claim that a recommendation for a peaceful adjustment is required with respect to a situation impairing both the general welfare and friendly relations among nations and arising out of the unworkability of the Italian Peace Treaty provisions regarding Trieste. The legislative history of Article 14 indicates that this Article was intended among other things to facilitate peaceful change of the *status quo* based on international treaties.

In their communication to the General Assembly the five powers would propose that the General Assembly recommend to all signatories of the Italian Peace Treaty that they accept the Italian-Yugoslav agreement. It would take considerable effort and diplomatic preparation to make out a convincing case in the General Assembly based on the unworkability of the present Peace Treaty.

The General Assembly would presumably make recommendations approving the Italian-Yugoslav agreement.

A recommendation by the General Assembly would *not* constitute a valid title for changing the Italian Peace Treaty arrangements without Soviet agreement. While the General Assembly has no power at this stage of its development to change treaties, a recommendation of such changes by the Assembly should provide a large measure of protection against charges of violation of international obligations. Moreover, such recommendation should have the additional effect of making the new Trieste arrangement politically more acceptable. To increase further the political acceptability of this arrangement the United Kingdom, the United States and Yugoslavia as administering authorities of the Free Territory of Trieste might conduct a plebiscite within the Territory possibly with United Nations observers present in order to determine whether the majority of the population favors the Italo-Yugoslav agreement.

The question whether or not the five powers should bring the matter before the Security Council prior to raising it in the Assembly should be determined on the basis of thorough consultations on the widest possible basis.

Under Article 12 of the Charter the General Assembly cannot make recommendations on a dispute or situation while the Security Council is exercising its functions in respect of any such dispute or situation. The only item relating to Trieste presently on the agenda of the Secu-

rity Council reads: Appointment of a Governor for the Free Territory of Trieste (S/1594, 11 July 1950). The question which the five powers should bring before the General Assembly would be a different one. Therefore Article 12 would not necessarily prevent the General Assembly from making recommendations on the Italo-Yugoslav agreement even if the present item remains on the agenda.

The Security Council was appropriately concerned with the appointment of the Governor and with the exercise of its responsibilities with respect to the Free Territory. The Peace Treaty conferred upon the Security Council authority in this matter. There might be some question whether the Security Council should consider a proposal leading to a modification of the Peace Treaty which would liquidate the Security Council authority. This is a matter involving primarily a change in the law by the parties concerned. The General Assembly, the United Nations organ with quasi-legislative functions, might be a more useful forum in this matter. The Security Council would be kept informed of the efforts to obtain agreement on the new arrangement through transmittal to it of the diplomatic exchanges under 2 and 3 above. These exchanges will make it obvious that the only practical result of a reference to the Security Council of the proposed new arrangement would be another veto.

On the other hand, in its resolution of January 10, 1947 the Security Council accepted responsibility with respect to the Free Territory of Trieste. This resolution is still on the books. It could therefore be argued that before resorting to another organ of the United Nations it is logical and appropriate to raise the matter in the Security Council and that the Security Council cannot be by-passed. Some United Nations members might contend that an agreement or positive action in the Security Council would make the reference to the General Assembly unnecessary. If the matter is raised in the Security Council and the Security Council is prevented from acting by a Soviet veto, the unreasonableness of the Soviet opposition to a generally acceptable solution would be dramatized. In such case we should propose that the Security Council drop from its agenda the item "Appointment of a Governor for the Free Territory of Trieste". This can be accomplished by a vote of any seven members. The case would then be brought before the General Assembly.

In view of these considerations the United States Government believes that a decision on the reference to the Security Council should remain flexible and subject to the results of broad consultations.

WASHINGTON, August 8, 1950.

750G.00/9–950

The French Embassy to the Department of State

Translation

SECRET WASHINGTON, September 9, 1950.

AIDE-MÉMOIRE

By an *aide-mémoire* dated August 9 last,[1] the Department of State was so good as to transmit to the French Embassy a study made by its legal services concerning the method of implementing an arrangement which might be concluded between Italy and Yugoslavia respecting Trieste.

This study was received with much interest by the French Minister of Foreign Affairs.[2] He, for his part, is having the question studied by his legal adviser.

The Embassy has the honor to transmit herewith to the Department of State a note summarizing briefly the conclusions of the study which has been made at Paris.

It would be happy to learn the observations to which this document may give rise on the part of the American authorities.

[Annex]

The French Embassy to the Department of State

SECRET

Subject: Possible Italo-Yugoslav Agreement on Trieste

As the study made by the Department of State points out, the possible conclusion of an Italo-Yugoslav agreement on Trieste would pose a very delicate legal problem. Such an agreement would constitute in effect a novation with respect to the treaty of peace with Italy. If this novation were accepted by all the signatories of the treaty of peace, no difficulties would arise. But it is almost certain that the U.S.S.R. would object thereto. Hence, one must ask oneself by what means this opposition could be neutralized.

In this connection two entirely different attitudes on the part of the three Western Powers may be envisaged:

Either they strive to secure a legal and moral basis for the agreement reached, which, at the beginning, would be lacking;

Or else, on the contrary, they will refrain from any mention of the legal aspect of the question, leaving to the new state of affairs created by the accord its character as a *de facto* situation.

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[1] Not printed; see footnote 1 to the *aide-mémoire* from the Department of State to the British Embassy, *supra*.

[2] Robert Schuman.

In the first alternative, it appears that an appeal to the General Assembly of the United Nations is in fact the only possible procedure. The U.S.S.R. which, it is assumed, would be hostile to the agreement contemplated, would not fail to veto the proposal in the Security Council. Aside from the fact that the appointment of a governor of the Free Territory of Trieste figures on the agenda of the Council, the appeal to the Assembly would present serious disadvantages. The moral authority of a decision taken by the majority of the Assembly would no doubt carry great weight. Its legal value would nevertheless be questionable. Indeed, if one were to invoke Article 12 of the Charter it would not be a question, under the circumstances, of the Assembly's making recommendations, but of confirming purely and simply an important modification of the peace treaty. Would the appeal to the aforementioned Article 12 be justified under such conditions? It seems that on this point the U.S.S.R. could raise serious objections. On the other hand, no matter how large a majority might declare itself in favor of the Italo-Yugoslav agreement, it would nevertheless be true that the treaty of peace would be modified without the consent of all the signatories.

It is therefore to be feared that the intervention of the General Assembly would furnish the U.S.S.R. with valid pretexts for denouncing the illegal character of our action.

From another point of view, it is to be feared that the U.S.S.R., arguing from this "violation" of the peace treaty, would profit therefrom to free itself, if the occasion should arise, from certain obligations which hamper it. To be sure, it has not failed to interpret to its liking the peace treaties with the satellite countries. Would it not be inopportune, in this respect, to furnish ammunition for its propaganda? These considerations are all the more worthy of study because it would be a question, this time, of modifying *territorial* clauses of the peace treaty with Italy.

Besides these general objections, the suggestion of the Department of State calls forth two specific observations.

First of all, we do not see how the United States, Great Britain, and France could intervene as signatory powers of the declaration of March 20, when, in all probability, an Italo-Yugoslav agreement would deviate considerably from the terms of that declaration. If, then, the matter were to be laid before the United Nations, it would be preferable to leave it to Yugoslavia to make an appeal to the Secretary General of that organization.

Moreover, it appears difficult to have recourse to a plebiscite of the local populations. With respect to the zone which would be assigned to Yugoslavia, it would be strange, to say the least, to invoke, as

ratification of the agreement, a popular vote organized by a totalitarian country. If there were to be a plebiscite, it would be necessary that it be supervised by an international commission under the auspices of the United Nations. Would the Belgrade Government accept such supervision? It is improbable.

The other possible attitude, on the part of the Western Powers, would be to refrain from any mention of the legal aspect of the question, and even to reserve it formally. The end which we seek is, in fact, the settlement of an irritating quarrel which is poisoning Italo-Yugoslav relations. This objective would be attained by the agreement itself. Consequently, what is the good of furnishing an opportunity for a Soviet maneuver by trying to give that agreement an insecure legal basis? Would it not be infinitely preferable, while welcoming the new arrangement, and while acclaiming the intentions of which it is the realization, to declare at the same time that we could not acknowledge that it has a definitive legal value until all the signatories of the peace treaty had given their consent and an amendment to the treaty had been effected. This rather Platonic declaration of principle would have the advantage of cutting short any controversy with the U.S.S.R., without however preventing the agreement from going into effect. Furthermore, if so desired, it would permit the maintenance, if only as a token force, of British and American troops in the present zone A which they are occupying by virtue of the peace treaty. Subsequently, if circumstances were propitious, we could request the U.S.S.R. to join us in recognizing the agreement entered into between Rome and Belgrade. A refusal on the part of Moscow would then no longer have any practical bearing.

611.50G/11–1450

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] November 14, 1950.

TRIESTE

A. OBJECTIVES

Our broad objective with respect to the Free Territory of Trieste is to reach a lasting political settlement for the area, based upon consideration of the welfare and wishes of the inhabitants, by mutual agreement among the parties directly concerned. The achievement

[1] The country and area policy statements were documents prepared in the Department of State for the use of its senior officials and those of other interested agencies of the U.S. Government.

of such a settlement is a necessary condition for the termination of our commitment in the British-United States Zone (Zone A) of the Free Territory. Within this broad framework, our policy in the administration of Zone A has the following objectives: (1) to provide for the needs and well-being of the population; (2) to foster, within the limitations of Allied Military Government's role as a caretaker, the development of democratic concepts and practices in the local government; (3) to consolidate economic recovery in the Zone; and (4) to develop the basis for the future prosperity and stability of the Trieste economy as a part of the Italian economy.

B. POLICIES

The Italian Peace Treaty establishes the city of Trieste with a small hinterland as an independent Free Territory. The United States Government joined the British and French Governments on March 20, 1948 in proposing that the Treaty be amended to return the Free Territory to Italian sovereignty. This step, while timed so that it obtained support for pro-Western democratic parties in the Italian elections of April 1948, was substantively a public avowal of our conviction that the solution of the Trieste question envisaged in the Treaty was not workable, would not adequately protect the rights and interests of the inhabitants of the area, and would not contribute to the establishment of peace and stability in the northern Adriatic.

This conclusion is supported by experience in the Security Council of the United Nations and in the administration of Zone A. The possibility of establishing even the contemplated provisional regime for the Free Territory was initially compromised by Soviet unwillingness to agree to the appointment of a Governor acceptable to the other interested parties, and by steps taken by the Yugoslav Military Government to establish a regime in Zone B according to the communist pattern. Although the Soviet Union now poses as the champion of the Treaty settlement, it is abundantly clear that the purpose of the Cominform is to exacerbate and exploit the tensions arising from the Trieste question. Since Italian and Slovene irredentism can be expected to continue, it is doubtful whether a Governor of the Free Territory could successfully maintain a stable and democratic regime in the face of Cominform measures to exploit the deeply divided feelings of the inhabitants of the Free Territory. The Governor's success would be rendered the more improbable by the fact that the Free Territory, under present conditions, cannot be expected to constitute a viable economic unit without continued extensive assistance from the outside.

Our policies with respect to Trieste, therefore, should not be directed toward the establishment of a permanent regime for the Free Terri-

tory. A lasting, peaceful settlement of the Trieste question, based upon consideration of the welfare and wishes of the inhabitants of the area, can best be achieved by agreement among the parties directly concerned, initially Italy and Yugoslavia. We should strive to create an atmosphere conducive to such agreement, and should be prepared to help implement the settlement agreed upon.

The problem of means to obtain such a settlement, being primarily a question of relations with countries outside the Free Territory and with the United Nations, is not considered in this paper. (See country policy statements on Italy and Yugoslavia.[2]) The foregoing is set forth as a framework and background for our policies in the administration of Zone A, which are discussed in this paper.

Political. The basis of the Allied administration is in Annex VII of the Italian Peace Treaty, the "Instrument for the Provisional Regime of the Free Territory of Trieste". Article 1 of this Annex provides that the Anglo-American and Yugoslav Military Commands shall continue to administer their respective zones of occupation as they existed at the time the Treaty came into force. This Annex is presently in force, except in the case of provisions whose applicability clearly depends upon the prior appointment of a Governor. In the absence of a Governor, it may be considered for some purposes that the Zone Commander is clothed with the attributes of the Governor of the Free Territory. This is the case, for example, in connection with the last sentence of Article 2 of Annex VII, which states that "The Governor's actions will be guided by the needs of the population and its well-being."

Since the UN Security Council has not fixed a date for the entry into force of the Permanent Statute (Annex VI) in accordance with Article 21, Paragraph 3 of the Treaty, the Permanent Statute as a whole is not in force. The penultimate sentence of Article 2, Annex VII stipulates that provisions of the Permanent Statute shall be applicable during the period of the Provisional Regime as and when these provisions prove to be applicable and in so far as they are not superseded by the Instrument for the Provisional Regime. The present applicability of individual provisions of the Permanent Statute must be determined by the American and British Governments in specific cases. Under present circumstances we should seek to avoid taking the position that such provisions constitute legal obligations. Many of these provisions which are not now applicable, nevertheless, should be used by the Allied Military Government as a policy guide.

[2] Neither printed.

Our policies with respect to the administration of Zone A should be developed in close cooperation with the British Government, with whom we share the responsibilities of occupation.

In view of the provision in Article 21 Paragraph 1 of the Italian Peace Treaty that the integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations, we should ensure that Zone A is so administered pursuant to Annex VII of the Treaty as to satisfy the Security Council. The Commander of Zone A should continue to submit periodic reports upon his administration to the Security Council. We should attempt to avoid, however, discussion in the Security Council of charges and countercharges with regard to conditions in the two zones of the Free Territory.

We should regard the Allied Military Government of Zone A as an interim caretaker government fulfilling the responsibilities of governing the Zone pending an ultimate political settlement for the area. In accordance with the first sentence of Article 10, Annex VII, Allied Military Government should see that laws and regulations existing in the Zone remain in effect, unless their modification is clearly dictated by the needs of the population and its well being. We should make sure, wherever possible, that our actions within the Zone are conducive to the achievement of an Italo-Yugoslav agreement upon a settlement of the Trieste question, and should avoid measures which would create a vested interest among groups of the population in the continuation of the *status quo* in Trieste.

Pursuant to the functions of a caretaker, the Allied Military Government should continue to assume responsibility for the protection of the rights and interests of permanent residents of Zone A. It should provide security against all threats, external or internal, to the integrity of the Zone and to public order. Allied Military Government should not, however, exercise all the attributes of a government of a sovereign entity in international relations. Thus, whereas Zone A is represented in the Organization for European Economic Cooperation, it should generally not acquire membership in international organizations when adequate alternative means of protecting the interests of its permanent residents are available. We should take no steps toward the establishment of a separate Triestine citizenship. For the present time, Allied Military Government should neither permit the establishment of consular offices in Zone A nor send consular officials to other countries.

Subject to the central authority of Allied Military Government, local and municipal government in Zone A should continue to be conducted by native civilian officials freely and democratically elected by the permanent residents of the Zone. Local civilians should also par-

ticipate, to as great a degree as possible, in the administrative functions of the Allied Military Government.

The Allied Military Government should take steps, including if necessary the revision of local law, to assure to all persons under its jurisdiction, without distinction as to ethnic origin, sex, language, or religion, the enjoyment of human rights, including the right under law to life, liberty and property, and the enjoyment of the fundamental freedoms, including freedom of religious worship, language, speech and publication, education, assembly and association. Although full application of these principles in the case of the Slovene minority in Zone A is complicated by the intransigence of Italian nationalists in the area toward the Slovenes, we are convinced that development under Allied Military Government of a pattern of fair treatment of the minority will help to ameliorate Italo-Slovene relations and will in the long run contribute to peace and stability in the area.

While scrupulously avoiding support for any particular political party in Zone A, we should encourage the conduct of political activity in a democratic manner, and should encourage, particularly through the instrumentality of the USIS, the orientation of the population of the Zone toward the West. We should take firm steps to prevent communist and neo-fascist groups from transgressing the law, and should take all possible measures consistent with democratic administration to diminish the influence of these groups over segments of the Zone's population. We should encourage the development of a democratic labor movement in Zone A, to counteract the influence of the communist-dominated Sindicati Unici.

Since the tripartite proposal of March 20, 1948, a tendency has become evident among officials of the Italian Government concerned with working-level relations with Zone A to regard the Zone for practical purposes as a province of Italy. Whereas it is our policy to preserve the cultural, psychological, and economic ties existing between Zone A and Italy, we should make it clear to these officials in appropriate instances that, until the Italian Peace Treaty is modified, Allied Military Government continues to exercise jurisdiction over Zone A.

Given the vastly differing political systems existing in the two zones, experience has shown the development of any close and friendly relationships between Allied Military Government and the Yugoslav Military Government to be most difficult. We should strive, however, to develop and maintain cooperative and mutually advantageous relations with the Yugoslav authorities of Zone B and to reduce to a minimum the causes and manifestations of interzonal frictions, which can only reduce the probability of achieving a settlement for

the area agreed upon by Italy and Yugoslavia. We should continue to oppose efforts of the Yugoslav Military Government to take a hand in the internal affairs of Zone A.

Economic. Neither Zone A nor the Free Territory of Trieste as a whole can be considered actually or potentially a viable economic unit. Historically, the city of Trieste grew to economic importance by virtue of its position as the principal port of the Austro-Hungarian Empire. At present the city is detached from its hinterland, and recent political and economic developments in central and eastern Europe have caused a marked reduction in Trieste's traditional entrepot trade.

Under present circumstances, the economy of Zone A can prosper only if it is treated as part of the Italian economy. According to the terms of the Italian Peace Treaty pending the appointment of a Governor for the Free Territory and the establishment of a separate currency regime, the Italian lira is legal tender within Zone A, and the Italian Government must supply the Zone's needs for foreign exchange and currency. In the spring of 1948 agreements were concluded between Allied Military Government and the Italian Government under which the Italian Government declared itself ready to supply adequate financing for the needs of the administration (i. e. to meet the agreed budgetary deficit) and to satisfy the foreign exchange needs of the Zone under conditions no less favorable than those applying in Italy. By agreement, the foreign exchange earnings of the Zone are transferred to Italy. Furthermore, all foreign trade of the Zone is carried out within the framework of Italian commercial treaties or agreements and in accordance with Italian foreign currency regulation and controls. The economy of Zone A, therefore, is closely tied to that of Italy.

In addition to these arrangements with the Italian Government, Zone A is also receiving economic benefits from three other sources: (1) aid under the European Recovery Program, (2) invisibles earned through the routing of ERP [3] cargoes for Austria through the Port of Trieste, and (3) expenditures of Allied troops in the Territory.

With the assistance of ERP and the preceding relief programs, a notable degree of economic recovery has been achieved in Zone A. The phase of repairing the extensive war damage to the productive plant and commercial facilities of Zone A has been completed, and the ECA program has now entered the phase of stimulating the economy of the Zone to higher levels of productive activity and of modernizing its productive equipment. Unemployment, while still

[3] European Recovery Program.

a serious problem in the Zone, is much less serious than two years ago, and present employment figures compare favorably with those of 1938.

During the remainder of the ERP period, we should utilize available assistance to promote the highest possible degree of economic development in Zone A, in order to cushion the impact which will eventually result from the withdrawal of temporary stimuli to its economy.

We should extend substantial assistance to Trieste's principal economic sector, namely, shipbuilding and port activities. We should assist in the modernization of other existing industries and in the expansion of their output. We should encourage the establishment of new industries in the Zone and the achievement of a greater diversification of the Zone's economy. We should take measures to attract private capital to Trieste. We should guide such industrial expansion into channels best calculated to reduce unemployment in the Zone to a minimum.

Concurrently, we should continue to strive to improve the fiscal and budgetary position of the Zone, in order to minimize the Zone's requirements for external financial assistance. Within the limits of our Treaty obligations, we should assure that these steps are taken in a manner consistent with the close coordination of the Zone A economy with the Italian economy, upon which it indeed depends, and within a framework of cooperation with all the countries participating in ERP. If we should continue to hold responsibilities in the administration of Zone A at the time when ERP terminates, we should be prepared to extend whatever further economic assistance the Zone may require.

Armed forces. British and American troops in Trieste should remain until (1) an agreement is reached by the United States, the United Kingdom, and other friendly signatories of the Italian Peace Treaty on the future of the Free Territory calling for the withdrawal of British and American troops, and such agreement is put into effect with appropriate recourse to the United Nations; or (2) the American and British governments, in the light of existing conditions, agree to order the withdrawal of troops, with appropriate action in the United Nations; or (3) the troops are forced to withdraw as the result of armed attack by superior forces.

Pending any of these eventualities, British and American troops in Zone A should be maintained at approximately the strength authorized by Annex VII of the Italian Peace Treaty, unless overwhelming strategic requirements should at any time dictate their reduction.

Ceremonial visits to the port of Trieste by vessels of the United States Navy should continue.

C. POLICY EVALUATION

Our efforts to promote agreement upon a lasting political settlement for the area of Trieste have not yet succeeded in achieving the necessary initial step, namely agreement between Italy and Yugoslavia. Consequently, the political conditions requisite to liquidating our commitment in Zone A have not yet been established.

Meanwhile, Allied Military Government has been generally successful in fulfilling its responsibilities in the administration of Zone A. Local government is carried on according to democratic practices which had been blotted out during the period of Fascism, and members of the Slovene minority are recorded rights and protection which they had not enjoyed beforehand. While some of Allied Military Government's actions inevitably arouse criticism among extremist groups in the population of the Zone, or among their partisans outside the Free Territory, the Allied military regime has proved to be as palatable to its subjects as any military government can be.

With respect to the economic objective, we have been successful in repairing Trieste's war-damaged productive equipment and have achieved, with the assistance of ERP, increased employment, stabilization of the cost of living, and a substantial decline in the budgetary deficit. We have not succeeded in attracting the investment of outside capital in Trieste, nor have we been able to develop Trieste's economy to a point such that it might be expected to prosper without outside assistance at the end of the ERP period, in the event that the political *status quo* should still prevail at that time.

MULTILATERAL INTERIM ARRANGEMENT ON FINANCING THE NORTH ATLANTIC ICE PATROL

[Arrangement revising the scale of contributions under Article 37 of the International Convention on Safety of Life at Sea signed at London May 31, 1929. For text of Arrangement effected by exchange of notes dated at Washington September 9 and December 21, 1948, June 6 and July 19, 1949, and July 28, 1950, and at London May 1 and 31, 1950, which entered into force January 1, 1951, see *United States Treaties and Other International Agreements* (UST), volume 3 (part 3), page 3771.]

MULTILATERAL AGREEMENT RESPECTING GERMAN-OWNED PATENTS IN ITALY

[For text of Agreement between France, the United Kingdom, and the United States of the one part and Italy of the other part, signed at Rome November 29, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 2 (part 1), page 553.]

BELGIUM

RELATIONS OF THE UNITED STATES WITH BELGIUM

611.55/5–850

Policy Statement Prepared in the Department of State [1]

SECRET WASHINGTON, May 8, 1950.

BELGIUM

(For the purpose of this statement Belgium will include Luxembourg)

A. OBJECTIVES

The long term objective of US policy for Belgium is to strengthen, both economically and politically, Belgium's position as a member of the western community of nations. For the present and for an indefinite time to come our most important specific objective is to insure an uninterrupted flow of Congo uranium to the United States.

B. POLICIES

Political. Belgium is one of the more stable and economically advanced of the Western European countries and, as such, does not require direct assistance from the US. It is, however, to our interest to assist Belgium to retain its political and economic health and thus to contribute to the stability of Western Europe. Our relations with Belgium are as untroubled as those with any other country. The Belgian and American peoples share a longstanding mutual admiration, and the Belgians have been an invaluable ally in efforts to combat Communist expansion and to consolidate Western Europe.

In dealing with Belgium's internal situation, US policy has been one of strict neutrality on the troublesome "Royal Question." [2] US representatives have limited themselves to expressing the hope that some solution to this dilemma would be found by the Belgian people through their own democratic processes and to pointing out that the stability

[1] Policy statements on various countries were prepared periodically in the Department of State and updated every year or two. There is no record in the files of the Department of State of a previous statement on Belgium or Luxembourg. Copies of the source text were sent to 10 posts in Western Europe and to Moscow, Léopoldville, and the United States Mission at the United Nations. For documentation on Belgian participation in the North Atlantic Treaty Organization, see pp. 1 ff.

[2] Documentation on the return of King Leopold III to Belgium and his delegation of constitutional powers to Prince Baudouin is in files 755.00 and 755.11.

528–933—77——86

of Belgium is important to Europe and the free world. Until some permanent solution is found, however, Belgium will probably continue to be more stable under the present Regent than it would be should his controversial brother be restored to the throne.

Belgium as a colonial power presents no major political problems to the US. Economically an important element in our policy is to assist in the development of increased production of raw materials being exported to this country from the Congo, of which uranium is of paramount importance. We seek to encourage, both through organs of the United Nations and otherwise, Belgian policies which will promote the political, economic, social, and educational advancement of the inhabitants of the Belgian Congo and the Belgian trust territory of Ruanda-Urundi, areas much larger than Belgium herself. With increasing Communist efforts to obtain the allegiance of colonial peoples, constructive colonial policies on the part of the administering authorities are essential to the welfare of the entire free world.

The principles on which US policy towards the Belgian Congo and the Belgian trust territory of Ruanda-Urundi are based are those subscribed to by all UN members, as stated in Articles 11 and 12 of the United Nations Charter, and including the political, economic, social, and educational advancement of the inhabitants. US policy towards dependent areas is expressed in such UN bodies as the Trusteeship Council, the General Assembly's Fourth (Trusteeship) and Special (Non-Self-Governing Territories) Committees, and certain of the specialized agencies. Belgium is highly sensitive to any criticism of her colonial administration, or any action which she considers an infringement of her responsibilities as administering authority, and in certain UN bodies, particularly the Fourth and Special Committees of the General Assembly, Belgium (along with Britain and France) has differed with the majority (including the US), especially in her interpretation of the functions of these committees.

The unfortunate divergence between the colonial powers and the US has led to a review, presently under way, of Department policy on colonial questions, preliminary to consultations with the Belgian, British, and French governments. It is hoped that a greater degree of understanding between the US and colonial powers will be achieved as a result of these conversations.[3]

Benelux. The US regards the efforts of Belgium, Luxembourg and The Netherlands towards achievement of a complete customs and

[3] Documentation on United States-Belgian talks on the colonial question is in files 320 and 350; documentation relating to the defense of the Belgian Congo and the development of its strategic materials is in files 755A.5, 855A.254, and 855A.-2546. For documentation on the discussion of the colonial question at the London Foreign Ministers meeting, May 11–13, see pp. 948 ff.; for documentation on the colonial question at the United Nations in 1950, see vol. II, pp. 434 ff.

economic union as a healthy economic growth and a contribution to European economic development. We will welcome a complete Benelux customs and economic union as long as it conforms with the principles of the ITO Charter.

Close attention, however, should be paid to potentially restrictive aspects of the Benelux union and their effects on the European Recovery Program,[4] particularly because the Benelux union is often cited as an example for other European unions. For instance, Belgium has agreed with the other two members that expansion of productive capacity in some twenty-three industries, as well as establishment of new industries, will be the subject of consultation among the three governments with the apparent purpose of eliminating "undesirable" competition. This is a matter of grave concern to us, and the operation and effects of this agreement, particularly the intra-industry discussions in Benelux to implement its terms, should be followed closely in order to determine if the Belgian Government or Belgian industry is fostering restrictive business practices (e. g., limitations on production and division of markets) as a substitute for the governmental trade barriers being removed within the Benelux area. These practices could not only frustrate the basic objectives of the Union but also prove detrimental to the European Recovery Program.

Information and Cultural. In the past cultural exchanges have contributed substantially to the friendship existing between the US and Belgium. Under the Belgian-American Exchange Foundation sponsored by Herbert Hoover nearly thirty years ago, more than 700 Belgian students have visited this country. Nearly all of these occupy today prominent positions in Belgium. Several cabinet members such as Paul van Zeeland, Pierre de Wigny and Van Glabekke are former exchange students. One of the main objectives of our Information and Education program in Belgium is to maintain this reservoir of good will in the face of popular ignorance and adverse propaganda.

Economic. Belgium is one of the most highly industrialized countries, with a dense population and few natural resources. Its prosperity depends mainly on large-scale imports of raw materials and on the export of manufactured goods. At present, over-all per capita consumption of food and other nondurable consumers goods are approximately equal to pre-war levels.

Belgian postwar economic developments have been characterized by an early transition from a controlled to a liberal economic system made practicable by a rapid recovery of industrial production, high

[4] For documentation on Belgian participation in the European Recovery Program (ERP) and the Organization of European Economic Cooperation (OEEC), see pp. 1357 ff.

level of consumption and an early establishment of monetary stability. In such a period public works were reduced to a minimum while industries were fully employed to meet the demand for goods for domestic consumption and export. A deliberate policy of deferring investments was applied also to the private sector of the economy, through a government policy of high interest rates and stringent credit controls, which encouraged the postponement of modernization of plants and equipment.

After the removal of practically all government controls in 1947, the government limited its economic policies to fiscal and monetary measures designed primarily to maintain internal monetary stability. Lack of flexibility in the implementation of orthodox fiscal policies, especially on the part of the National Bank, was probably responsible for the fact that postwar inflationary pressure was recently replaced by deflationary trends, reflected mainly in relatively large unemployment figures. In spite of the fact that industrial production was estimated in 1949 at 116 percent of prewar, in December 1949 total unemployment was estimated at 265,000 or 13.2 percent of the insured labor force—a favorable field for communist propaganda. The government announced at the end of 1949 an expanded public works program of 20.9 billion francs to combat unemployment during the fiscal year 1950, a program which should employ directly or indirectly 80,000 to 100,000 unemployed workers.

Belgium's traditional foreign trade pattern—export surplus to other European countries and import surplus from the Western Hemisphere—has been restored. Its strong trade and payment position in the postwar period has enabled Belgium to increase its gold reserves by $105 million between the beginning of ERP and the end of 1949. Belgium's over-all exchange position depends mainly upon the ability of soft-currency countries in Europe to pay for Belgian manufactured goods in freely convertible currencies. ECA assistance in the form of conditional aid and off-shore dollar procurement has up to now provided the payment facilities which allow Belgium to earn in Europe the dollars necessary to cover its dollar deficit. Belgium apparently hopes that this "derived" viability will be maintained after the ERP period through general European convertibility.

Recent developments seem to indicate some shift in the pattern of Belgium's foreign trade. Belgium's European export surplus has declined in 1949 and, as a consequence, its over-all trade position has become substantially less favorable. It is too early to determine whether the currency readjustments of September 1949, which resulted in an appreciation of the Belgian franc relative to most other European currencies, will bring about a permanent reduction of the Belgian surplus with the other western European countries.

Concerning Belgian inland waterways, the US has encouraged the freeing of Rhine navigation from artificial restraints and national protectionist measures. Toward these ends, the US participates in the work of the provisional Central Rhine Commission, of which Belgium is a member, and has assisted Belgium and Holland, through ECA and the US position in Western Germany, in obtaining increased use of the Low Country ports.

C. RELATIONS WITH OTHER STATES

Belgium has for centuries been linked to Great Britain by very close economic and strategic ties. Realization of England's present weakness and disapproval of some of its current economic policies has led Belgium to look increasingly to the US for leadership and assistance. We have no need or desire, however, to elbow Great Britain out of her prominent role in Belgium. The suspension of pound-dollar conversion found Belgium the possessor of many pounds she had received from her European clients which, coupled with her limited ability to purchase from Great Britain, has not improved Anglo-Belgian economic relations.

Although Belgium distrusts certain French machinations in French-speaking Belgium and is critical of French internal and financial policies, Belgium continues to regard its southern neighbor as the parent of its cultural life and an old friend currently undergoing temporary misfortune. Belgium distrusts French efforts to regain the leadership of Western Europe, and Belgian views on Germany are usually closer to those of the United States and the United Kingdom than to those of France.

Belgium's action in the formation of the Benelux Customs Union with The Netherlands is both the most concrete step and the most newsworthy step taken toward the integration of Europe since the close of hostilities. The Customs Union is now operative and strenuous efforts are in progress to bring an economic union into effect by mid-1950. Belgium has assisted its Benelux partners with generous loans and finds The Netherlands its greatest debtor. Close cooperation among the Benelux countries on political and military as well as economic affairs has been achieved through good will and close consultation at all levels, with Belgium usually supplying the leadership in the formulation of a common foreign policy.

Although having twice suffered invasion and occupation and hating and fearing German imperialism, Belgium regards itself in a sense as Germany's economic front porch and appreciates its economic dependency upon the latter. Belgium desires political security from Germany, but at the same time understands far better than France the British and American views on German economic rehabilitation

While insisting upon firm control of Germany's war potential, Belgium strongly desires its economic recovery.

Belgium, a tiny and fundamentally conservative country, only some 150 air miles from the Soviet Zone, naturally fears and distrusts the eastern colossus. Belgium has done more than its share toward the establishment of the Western Union. Believing firmly that a strong stand is the only possible course at the present time, Belgium nevertheless places its faith in the United Nations and a strong and unified western community to bring about a more stable peace.

D. POLICY EVALUATION

Aside from a minimum effort to assure that our political policy toward Belgium is well understood by its Government and people despite Communist efforts to the contrary, we need do very little work on Belgium. We can accomplish much more by working with that country and encouraging Belgian leadership to achieve our common objectives of integrated and prosperous Western European and North Atlantic communities.

With respect to public opinion there is a feeling in Belgium as regards ERP that their country might have given too much and received too little. There is also, though to a lesser extent than in France and some other countries, an undercurrent of fear lest again Belgium become the battleground of Europe in a war between the East and West. We must stress to the Belgians that United States foreign policy promotes peace and that we are prepared to help defend Western Europe in the event of war. We must therefore continue to interpret to them the significance of ERP, NAT and MDAP.[5] Today Communist forces are on the defensive in Belgium, but there is no reason to assume that they will remain inactive. Complacency on our part at this stage would be inexcusable.

In the economic sphere we should in general encourage, through technical assistance and otherwise, any Belgian effort directed to expand production, to create more jobs, and to increase the rate of capital formation. The success of Belgium's fiscal and monetary policies directed toward this end will depend in part upon increasing productivity, lowering prices and expanding the external as well as the internal market.

Economic as well as socio-political considerations indicate that the US should give strong support to the Belgian Government in implementing sound reflationary policies, such as the recently announced

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[5] On January 27 the United States and Belgium had signed a Mutual Defense Assistance Agreement. For the text of this agreement, see Treaties and Other International Acts Series (TIAS) No. 2010. Documentation relating to the negotiation of this agreement is in file 755.5 MAP.

public works program, in order to achieve the primary goals of reducing unemployment, utilizing at least part of the existing idle capacity and increasing the rate of capital formation. Although the methods by which such public investment program will be financed are not clear, it seems that its implementation does not require at the present time any outside financial assistance. For this reason the Department has not supported Belgium's 1949 application for an Export-Import Bank loan of $50 million, desired chiefly to increase foreign exchange reserves as a basis for expansion of local currency circulation. We should, however, be ready to give favorable consideration to Belgian requests for economic assistance from the ECA, from the Export-Import Bank or from the International Bank for Reconstruction and Development, if such requests can be justified on dollar deficit grounds.

There is a possibility that any public works program will not be sufficient to solve the unemployment problem. In fact, it may be questioned whether the industrial and geographic structure of unemployment is not such as to require some readjustments of Belgium's economic structure, especially in critical sectors such as coal mining, steel and textile industry. If carried too far, the Belgian program might produce inflationary pressures at some points without, at the same time, satisfactorily solving the unemployment problem. Moreover, if the program does result in some inflation, it could hinder a fundamental solution to the unemployment problem, which lies at least in large part in further development of external trade. Insofar as high Belgian prices now prevent further exports, any price rise (due to internal spending or to any other reason) can only reduce exports. The US, especially through its ECA Mission in Belgium, should follow closely the developments in all sectors of the Belgian economy which can be considered as "critical". Technical assistance may be used in increasing productivity and in analyzing critical sectors and new industries.

The long-term solution of Belgium's basic economic problems appears to rest chiefly in higher activity in its export industries and in a reorientation of its trade pattern. Since an expanding world trade is of major importance to its prosperity, Belgium can identify a major objective of its foreign economic policy with those of the US in this field. The US should continue to support vigorously all Belgian efforts toward any trade or payment liberalization scheme within the framework of OEEC, GATT and ITO. In addition, we should continue to impress on the Belgian Government that for achievement of viability after 1952 a reorientation of the Belgian trade pattern seems indispensable. The Belgian long-term program,

based on free convertibility of European currency surplus into dollars, seems to be based on Belgium's unwillingness to accept Europe's changed position in the world economy as permanent rather than temporary. It can be assumed that only a part of Belgium's prewar pattern of trade can be restored on a permanent and sound economic basis through European recovery, since it is unlikely that hard currencies will be available in Europe in prewar amounts in the foreseeable future. The US, therefore, should press the Belgian Government for vigorous action required to make the necessary trading adjustments in order to achieve a reduction of its European trade surplus and a diminution of its Western Hemisphere deficit through increased exports to the dollar area, and through shifts in sources of supply for foodstuffs and raw materials. The implementation of the new intra-European payments system,[6] and possibly of the new system for allocating ECA aid in FY 1951 and FY 1952, may provide the US with adequate means to give concrete support to the Belgian Government's efforts in achieving such trading adjustments.

To increase its exports, especially to the dollar area, Belgium must increase its efforts toward lower costs, i. e., greater productivity. The US will continue to give full support to these efforts, chiefly through the ECA technical assistance program.

We should also encourage the Belgian Government to press forward with the realization of Benelux as a full economic union (including the free flow of agricultural commodities within the union) which will give Belgium the advantages deriving from a partnership in one of the largest trading areas in the postwar world, next only to the US and to the sterling areas. The US should also support Belgium's active participation in any European payments scheme established within the framework of the OEEC, should this take the form of a European Payments Union including all Western European countries, or of a smaller area of liberalized trade and payments, such as FINEBEL.

A more aggressive attack should be made by the Belgian Government on cartels and other restrictive practices which inhibit output and investment in some lines. Although Belgian industrialists often realize the need for modernization and re-equipment in order to compete more favorably on the foreign market, a partial offset to this is a general feeling that competition in foreign markets will not be allowed because of protectionist or other nationalistic policies, leading to a desire on the part of Belgian producers to make "arrangements" with other producers which would in effect reduce both

[6] For documentation relating to the European Payments Union (EPU), see pp. 611 ff.

production and investment. The US should support any action taken by the Belgian Government to combat these tendencies, in accordance with ITO and GATT principles. Also, the US should continue to press the Belgian Government to secure more complete cooperation in the implementation of the East-West trade controls.

In addition, the Belgian Government should be encouraged to complete its study of the draft treaty of friendship, commerce and navigation (proposed by the United States in mid-1948) and to agree on a time for the holding of negotiations in the early future. It is believed that once initiated the negotiations could proceed relatively free from difficult issues.

AGREEMENT BETWEEN THE UNITED STATES AND BELGIUM RESPECTING A SURPLUS PROPERTY SETTLEMENT

[Agreement respecting joint undertakings under the agreement of September 24, 1946, as amended, relating to transfer of United States surplus property in Belgium, and certain other agreements. For text of Agreement signed at Washington April 20, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 437.]

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND BELGIUM

[For text of Agreement effected by exchange of notes signed at Washington June 29, 1950, which entered into force on the same date, see 1 UST 510.]

DENMARK

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND DENMARK AMENDING THE AGREEMENT OF JUNE 29, 1948

[For text of Agreement effected by exchange of notes signed at Washington February 7, 1950, entered into force February 7, 1950, see *United States Treaties and Other International Agreements* (UST), volume 1, page 148.]

1356

FRANCE

CONCERN OF THE UNITED STATES WITH POLITICAL, ECONOMIC, AND MILITARY DEVELOPMENTS RELATING TO FRANCE: COOPERATION IN THE NORTH ATLANTIC TREATY ORGANIZATION, MUTUAL DEFENSE ASSISTANCE PROGRAM, EUROPEAN RECOVERY PROGRAM, AND RELATED ACTIVITIES[1]

751.5 MAP/2–350

The Public Affairs Officer of the Embassy in France (Tyler) to the Secretary of State

[Extracts]

SECRET — PARIS, February 3, 1950.

[No.] 148

Reference EDECC London telegram to Washington 373, repeated to Paris as 110.[2] Tomap. The well known French journalist, Raymond Aron, whose Gaullist political opinions are sufficiently diluted to make him an acceptable contributor to the moderate morning paper "Le Figaro", recently wrote an article entitled "The Continuity of American Policy" which appeared on January 25 and in which he used the following words: ". . . We are not being drawn by American diplomacy into a quarrel which does not concern us. We have, thanks to American diplomacy, the means of waging and of winning a battle on which depends the survival of France as an independent nation".

These sentiments are rarely expressed in the French press and yet it is probable that they represent the opinion of the majority of the French people.

It may be said that the chief objective of Communist propaganda, which is frequently seconded by the chauvinism prevalent especially in intellectual elements, is to destroy this belief and to make the French people turn against the United States and against any French government whose policy is based on an understanding with America.

The Communist and fellow-travelling press, both in Paris and in the provinces, indeed throughout the territories comprising the French Union, are bent on the task of persuading the French that America is driving them toward military aggression against the Soviet Union

[1] For previous documentation, see *Foreign Relations*, 1949, vol. IV, pp. 626 ff. Related documentation on these multilateral programs is printed in other compilations in this volume.

[2] Not printed.

for her own selfish ends, in an attempt to dominate the world. Even if this propaganda does not succeed in producing positive political results, it hopes so to confuse French opinion and to raise so many doubts and false issues in the mind of the average man that the French people will be incapable of playing the role and of acquiring the sense of confidence and of purpose on which their effective participation in the community of free nations depends.

It may be supposed that the strategists of the Communist Party do not expect that their propaganda will generate the popular pressure required to overthrow the government or even to make it modify its policy with regard to its international commitments.

However, there is a secondary and extremely important goal which the Communists want to achieve by the maximum degree of propaganda and popular confusion. This goal, stated in its simplest terms, is that the U.S. should obtain the impression that France is an unreliable partner, and that she is too unstable to play her role as the mainstay of continental European defense. If the U.S. could only be convinced that France is a bad risk, and consequently modify its support of France, and its policy toward Western Europe, this would indeed represent a major propaganda success.

The violent scenes in Parliament, repeated strikes wherever possible, even if doomed to failure from the first, dramatic and pathetic incidents playing on the French dislike of the war in Indo-China and on their craving for peace, all these tricks have the double aim of reducing the confidence of the French people in their own government and in its policy, and of destroying the confidence of France's allies in her capacity to shoulder her responsibilities.

It is important that we appreciate these long term goals of the Kominform, of which some of the French are themselves aware, and which must be brought home as widely and as deeply as possible to the French people.

Fortunately, however, the Communists are on very tricky ground, psychologically, in these attempts to turn the French people against the North Atlantic Treaty and the MDAP. Their propaganda can turn very fast and irrevocably against them in proportion as the eyes of the French people are opened as to what the Communist game really is.

The joint in the armor of Communist propaganda is the strong and instinctive national loyalty and patriotism of the French. A guiding principle of our efforts in the propaganda field should, it is submitted, be to make the French aware of the real goals of the Communists, rather than to tax our ingenuity in trying to keep up with and refute Communist propaganda and lies.

. . . . . .

The propaganda situation in France with regard to NAT and MDAP may therefore be summarized as follows:

(1) It may be assumed that a violent and persistent Communist-inspired propaganda campaign against NAT and MDAP will continue indefinitely in spite of apparent failure.
(2) The object of this campaign is two-fold:

(*a*) To poison and confuse French opinion on international issues and national defense, and
(*b*) In the words of the London *Times* of Monday, January 30, "To show France up as a nation upon which the West can place no reliance in the contest with the East".

(3) The priority objective of joint propaganda consultation and activities by the French and ourselves is to open the eyes of the French people and especially labor to the true character and aims of the Communist Party.
(4) This can not be achieved by a direct American-sponsored publicity compaign, but by the exposure of Communist intentions through concerted French publicity efforts.

The purpose of the Consultative Information Policy Committee set up by the French and ourselves will be to consider what information measures should be taken, and the means whereby they should be executed.

WILLIAM R. TYLER

751.5 MAP/2–1050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 10, 1950—11 a. m.

657. Tomap from Bohlen.[1] Embtel to Department No. 581 of February 6, 5 p. m.[2] As indicated in various of our messages French are perturbed over possibility considerable delay between initial shipments of MDAP matériel and beginning of main deliveries. In army circles opinion seems to prevail that it would be wisest to reduce this interval as much as possible even if that meant delaying arrival initial shipments. Army fearful long delay following initial shipment would play into hands of Communists since elaborate receiving organization would have to be maintained in idleness.

Last night I discussed this problem with Defense Minister Pleven who obviously has given considerable thought to pros and cons. He

[1] Charles E. Bohlen, Minister in France and Special Assistant to the Ambassador for the Mutual Defense Assistance Program.
[2] Not printed.

reaffirmed to me however, French Government decision (Re Embtel No. 31, January 4, 3 p. m.)[3] that it is best for initial shipments to arrive as soon as possible, even though he fully understands this will be followed by a delay of two to three months before arrival of additional cargoes. Pleven's reasoning is that Communists are obviously pointing up to all-out effort to sabotage MDAP program and arrival first shipment will be their D–Day. He wants French Government to accept this challenge without undue delay, being convinced Communists' effort can be smashed. He would even prefer to have initial shipment if consisting of various cargoes arrive approximately same time in order that a real showdown with Communists can be precipitated.

While we are fully aware of magnitude of problems involved on US side, we cannot emphasize too strongly how important speed in getting cargoes to France will be in coming months. Any information Department can furnish as to probable arrival schedules (as it becomes available) will also be of utmost value.

Sent Department; repeated London 215 (for ECC). [Bohlen.]

BRUCE

[3] Not printed.

751.00/2–2050

Memorandum of Conversation, by the Deputy Director of the Office of European Regional Affairs (MacArthur)

SECRET [WASHINGTON,] February 20, 1950.

Participants: Ambassador Jean Chauvel, Permanent Representative of France to the United Nations
Douglas MacArthur II, RA

Ambassador Chauvel, with whom I worked closely in France during 1939–42 and 1944–48, dropped in to see me this morning. He said he had returned last Sunday from a trip to Paris and had come down to Washington over the week end to bring Ambassador Bonnet up to date on the latest developments and thinking in Paris. He had also seen Deputy Under Secretary Rusk and Assistant Secretary Hickerson this morning.

I asked Chauvel how he had found things in Paris and he replied along the following lines:

Generally speaking, he detected increased apprehension over both French internal events and the international situation, particularly the latter. Prime Minister Bidault he found to be in a much more relaxed and less nervous condition than when last he was in the government. In his discussions with Bidault, the latter seemed more real-

istic and more willing to face up to realities than when he was previously in the government.

Upon his arrival in Paris Chauvel had spent an afternoon with Léon Blum at Jouy-en-Josas. He said that he found Blum relatively optimistic over the French internal situation, particularly in his belief that the present French Government would be able to continue for some months to come despite the withdrawal of the Socialists. Other prominent Socialists with whom Chauvel talked had initially indicated satisfaction with the tactical position which the Socialists had achieved as a result of their withdrawal from the government, but prior to Chauvel's departure some had indicated misgivings. He judged that the Socialist withdrawal was predicated upon the holding of national elections in the next six months. Their more recent misgivings seemed to stem from the view that their withdrawal had not solved their basic dilemma and they were now, in fact, in a more difficult position to justify support of the government, which was necessary to keep it in existence in the coming months. Several Socialists indicated that the Socialist Party might come back into the government but that from a prestige viewpoint they could only reenter a new government and not the present coalition. In other words, the Socialists are somewhat confused.

Chauvel said that there was considerable nervousness in all circles over the "deteriorating international situation". He said that while the initial announcement of Russia's possession of the A–bomb had not caused any great stir, recent developments—particularly, the H–bomb and the great Soviet success in China—had caused a wave of public pessimism and worry. Much of this doubt and worry stemmed, he believed, from a feeling that Soviet strength was increasing in relation to the western democracies' and that time was now working in favor of the USSR.

Chauvel had a long talk with President Auriol, who he said was apprehensive that war might break out in the not-too-distant future if the present international situation continued to deteriorate. Auriol is apparently of the opinion that regardless of Soviet obstructionism and intransigence, the door should not be slammed on them, and efforts to reach a solution with the USSR should be constantly kept in mind and explored by the western powers. He said that Secretary Acheson's recent press conference[1] had created some misgivings in the minds of certain people. While the French realize that the United States has tried to reach an agreement with the Soviet Union, there is, he said,

[1] The reference is presumably to extemporaneous remarks at Mr. Acheson's press conference of February 8, the record of which is printed in Department of State *Bulletin*, February 20, 1950, p. 272.

a general feeling that our efforts in this direction should continue. The French people did not think, in view of the present weakness of the western democracies vis-à-vis the Soviet Union in both Europe and the Far East, that sufficient strength could be built up in the next several years to talk to the Soviet Union on terms of equality as suggested by the Secretary. Therefore, the door should not be slammed on negotiations with the USSR in the intervening period.

I asked Chauvel if he had had any discussion with government leaders in Paris on the Far East in general and Indochina [2] in particular. He replied in the affirmative, but indicated that thinking in Paris was still vague and groping. His own personal feeling was that we should give consideration to supporting some grouping of states—"not a Pact or Treaty arrangement"—based not on ideological grounds such as anti-communism or democracy, but on some form of "welfare activity" based on a plan for economic betterment. While as yet his own views were not clear, he felt that such an economic plan might embrace several key projects which were realizable, one of which he described as the increased production and distribution of rice. He reiterated his view that any such grouping should not be based on "anti-communism or democracy", but on the development of concrete economic projects which increased the well-being of the inhabitants and would appeal to materialistic rather than ideological interests. He believed that in any such activity in which the United States engages we should take care to act in such a way as to avoid the charge of "white economic imperialism".

He said that insofar as Indochina was concerned, the present cost of maintaining the existing *status quo* was not really worth it to France. France could not afford to continue being drained through Indochina if French economic recovery were ever to be achieved. With this in mind he felt the time was rapidly coming when the United States and United Kingdom would have to share part of France's burden in barring the southward march of Communism in Asia, or France would be obliged to liquidate its Indochinese commitment—painful though that might be—and abandon Indochina to Moscow. He did not know if the United States realized the critical nature of the situation in Indochina and felt that the United States, United Kingdom, and France should get together in the near future to examine the entire Far Eastern situation "of which Indochina was only one part", and endeavor to reach agreement on what could and should be done both economically and militarily.

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[2] For additional documentation on relations of the United States and France with regard to the situation in Indochina, see vol. VI, pp. 690 ff.

751.5 MAP/3–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

CONFIDENTIAL PARIS, March 17, 1950—4 p. m.

1264. ReDepcirtel March 13, 1 a. m.,[1] we have already reported (Embtel 902 of February 25[1]) that response to NAT–MDAP by French public opinion characterized by absence enthusiasm because of conviction that French territorial integrity in event Soviet aggression not assured in present conditions and that outbreak hostilities would in any event spell physical obliteration France either from aggression or from subsequent "liberation". Persistent howling for "peace" by Communists and fellow-travelers is not fooling majority French people but emotional vibrations set up by harping on this theme are thwarting positive reaction.

Basic approach to presentation MDAP program should in our view stress fact that NAT and MDAP are essential components US foreign policy designed establish permanent conditions peace and economic recovery. This means that MDAP should always be discussed in terms of a broader context than that provided by its purely military aspects.

The major aim of NAT–MDAP should be constantly emphasized, i.e.: create a deterrent to aggression by making it absolutely clear that an attack on one member means in effect an attack on all, with consequent total mobilization forces united countries.

We believe that every opportunity must be taken hammer home to European opinion this concept NAT–MDAP rather than to dwell on military, strategic and tactical factors which invite invidious comparisons relative strength armed forces Soviet Union with those west European countries.

The strength of MDAP lies not in what it provides in terms military statistics but in what it means as contribution to common task prevent aggression ever occurring.

Believe that major themes within above framework which can be most profitably stressed and interwoven into Congressional presentation from standpoint European psychology are in order of psychological importance:

1. The US appreciates that the concept of peace is indivisible, and that the security of US depends on establishment and maintenance of collective security from aggression among all countries united for purpose.

2. Mutual Defense Assistance Pact is measure fully consistent with UN Charter and serves support and strengthen UN.

[1] Not printed.

3. Role of US under NAT–MDAP is not limited to providing weapons of war for others to use. US realizes total security of nations determined protect themselves against aggression requires total contribution of which each capable on basis defense strategy agreed in common.

4. Recognition present exposed situation and past human and material losses and sacrifices European countries, and assurances that "we are all in front line defense" together.

5. US is confident that all participating countries MDAP are animated by single purpose and that each is prepared contribute fully to mutual aid.

6. US retains primary emphasis on economic reconstruction and development commercial exchanges in Europe and MDAP in no way modifies or contradicts this priority. On contrary, by contributing to establishment sense security it will encourage task rebuilding and liberalizing European economy already under way.

In general, themes and arguments which should be avoided are implicit in those to be stressed. However, most important pitfalls seem to us to be following:

1. Statements or implication that shipments of material to and increased military production by member countries will of themselves rapidly create military conditions of defense adequate for holding and repelling aggression. Europeans are prone to attribute to US oversimplified views on defense requirements and to look for evidence unrealistic attitude. Therefore statements and presentation must all times express sober realism.

2. Statements or implication that Europeans feel or should feel strong sense relief at this time because of implementation MDAP. We believe free European opinion more obsessed by prospect physical obliteration in event war than by assessment increased chances survival through NAT–MDAP.

3. Statements or implication to effect that brunt fighting will be borne by continental European infantry and that role US will be limited to push-button technical war of destruction.

4. Statement or implication that MDAP is measure for defense United States only. This means that wherever possible U.S. strategic interests should be associated explicitly with those other free countries.

5. Avoid use word "liberation" or allusions to possible strategic retreats whose connotation would be abandonment at any time of portion territory covered by Atlantic defense concept.

Sent Department 1264; repeated London 364; pouched Copenhagen, Rome, Brussels, The Hague, Oslo, Heidelberg, Luxembourg.

BRUCE

751.5 MAP/3–2950

The Ambassador in France (Bruce) to the Secretary of State [1]

CONFIDENTIAL PARIS, March 29, 1950.

[No.] 665

Reference Embassy's Despatch 634, March 24, 1950.[2] Following is annex to report dated March 11, 1950 from ECA Special Mission to France on Mission's MDAP and NAT activities (this report should be read in connection with and be considered a supplement to the Embassy's MDAP Section Monthly Report No. 1 dated March 16, 1950, reference Embtel 1427, March 28, 1950, 1 p. m., sent London 416).[2]

1. In accordance with the instructions contained in OSR Repto Circular D–42 of February 23, 1950,[2] the Mission will include in an annex to the regular monthly report data on current Mutual Defense Assistance Program (MDAP) and North Atlantic Treaty (NAT) operations and problems in which the Mission is involved, including the financial and economic impact on ERP. The present document is the first such annex, and future annexes will be prepared whenever warranted by the volume and significance of MDAP and NAT material.

2. As it has been requested that this first annex cover all significant developments through February, it seems appropriate to review the organizational arrangements in existence between the Mission and the Embassy on MDAP matters. Minister Charles E. Bohlen is Special Assistant to the Ambassador for MDAP, assisted by Mr. E. G. Trueblood. The Chief of the Military Assistance Advisory Group in the Embassy is Major General George J. Richards, U.S.A. The officer representing the Chief of Mission in MDAP policy matters is Mr. B. E. L. Timmons, Deputy Chief of Mission. Close contact between the Mission and Embassy has been established and maintained on MDAP, and it is believed that both are in full agreement regarding the nature of ECA participation and responsibilities in MDAP matters. The Mission's advisory role to the Embassy in MDAP is completely understood. Messrs. Bohlen, Richards, Trueblood and Timmons all had the advantage of being present at the meeting held at

[1] Although unsigned, the despatch (drafted by Mr. Trueblood) bore the initials of Ambassador Bruce and other officials.

[2] Not printed.

the U.S. Embassy in London on January 11–12–13 to coordinate MDAP activities. It is anticipated that the Mission will continue in the future, as in the past, to handle MDAP work through the regular staff of the interested divisions, including Finance, Trade, Industry, Program Review and Labor. The Deputy Chief of Mission will represent the Mission at MDAP and NAT policy discussion, accept work assignments for the Mission, and ensure that a sufficiently high priority is accorded to such work. He will review all documents on MDAP and NAT matters for technical and policy conclusions, and direct their forwarding to the MDAP Section of the Embassy; Director of MDAP Liaison, OSR; and/or U.S. Representative on the Permanent Working Staff of the NAT—Defense, Financial and Economic Committee (PWS of NAT–DFEC); as appropriate.

It may be added that the Mission has been closely associated, through the Deputy Chief of Mission and the Mission's Finance and Trade Adviser (Mr. W. M. Tomlinson, also U.S. Treasury Representative), with the work carried on during the entire past twelve months by the Embassy in aiding the preparation of the MDAP program.

3. The French Minister of National Defense submitted to the Embassy, in December 1949, an outline of the French "additional military production" (AMP) program, originally involving an estimated $53 million (which later information indicated might be reduced by some $15 million) in MDAP dollar financing for machine tools and raw materials to be imported from the dollar area (this amount to be, of course, in addition to the franc cost of financing the scheduled production). The Mission and Embassy have to date examined 23 specific projects under this program, the Mission considering them particularly both from the standpoint of the general financial and economic impact on the economy, and from the standpoint of screening the requested imports of raw materials and machine tools. As regards raw materials, the important question is whether the source could be switched from dollar to non-dollar areas. The screening of the source of machine tools is more difficult, and it does not appear possible for the Mission, without undue diversion of personnel from other high priority work, to carry out a detailed survey of whether the machine tools requested by the French under MDAP dollar financing are available in France or in other participating countries.

It is not intended here to cover in detail the types of equipment to be manufactured by the French, the total cost thereof, the firms involved, or the specific items requested for MDAP dollar financing and the Embassy–Mission recommendations in regard thereto. These and other matters are covered in considerable detail in the French project submissions and the Embassy–Mission covering comments

(Embassy Dispatch 443 and 444 of March 6, 1950)[3] and are doubtless now available to the Director MDAP liaison, OSR, and to ECA Washington through FMACC. It will be of interest, however, to indicate briefly in the following paragraphs the Mission's present thinking on the question of the impact of the AMP program and MDAP generally on French recovery.

4. Minister of National Defense Pleven has stated to the Embassy and the Mission that the total franc expenditures on all AMP projects in 1950 will be compressed into the French national defense budget, which is part of the over-all French expenditure program enacted in late January 1950. The total French budget for 1950 is approximately 2,250 billion francs and the national defense budget is approximately 400 billion francs.

The question of analyzing the possible financial impact of the additional military production program in France is obviously not a simple one. At one level it is a question of whether the expenditures forecast for additional military production will of themselves have an adverse impact upon French recovery and economic stability. In concrete terms, this might be regarded as whether such military expenditures of themselves would cause the French Government to resort to inflationary financing. At the present point in the French fiscal year 1950 the answer must run in terms of anticipations. As indicated above, the French Government expects to compress all military expenditures in 1950, including those of AMP, in the over-all military budget. In general the French expenditure program is covered by three broad categories of non-inflationary receipts: taxes and other revenues, counterpart funds, and non-inflationary borrowing. Nevertheless, the Treasury has already had recourse to certain forms of inflationary financing and, as the year progresses, it may require further inflationary resources in order to cover its operations. However, the amount of such financing now foreseen is not expected to be large. Under these circumstances the additional military production expenditures should not have any adverse financial impact. Furthermore, it is improbable that military expenditures in 1950 would be less if there were no AMP program. The 1949 military budget amounted to some 385 billion francs, only slightly less than the estimated budget for 1950.

At the next higher level of analysis the problem obviously becomes one of the success of the whole complex of the French financial and economic policies designed to promote recovery and to maintain internal economic and financial stability. It is always possible that adverse developments—increased expenditures not covered by non-

[3] Not printed.

inflationary receipts, shortfall in receipts, inflationary wage increases, crop failures, inflationary increases in private credit, etc.—can in France lead to a resumption of inflation which would obviously in turn have an extremely adverse effect upon French recovery. If any unfavorable developments were to occur in the field of the budget, i.e., should expenditures during 1950 outrun non-inflationary receipts, then it could be said that the totality of French expenditures were creating a situation having an adverse effect upon recovery. There has been a chronic tendency in France to overestimate receipts and underestimate expenditures. In such a situation obviously all major sectors of the French expenditure program would bear a share for the adverse effect on recovery.

The burden of the foregoing analysis is simply this: insofar as it is possible to consider the problem of adverse impact upon recovery at the present time and with the information now at our disposal, the French expenditures under the AMP program should not have any adverse effect on recovery as long as Minister Pleven is able to compress, in accordance with his intention, all military production expenditures within the figure voted by the French Parliament. There remains, however, the larger problem, of which the military expenditures are only a part (and the AMP expenditures are in turn only less than one-quarter of total military expenditures), as to whether the Government can hold its expenditures in 1950 reasonably within its receipts. If recent experience is any guide, the success or failure of this policy will be one of the major factors in determining whether economic stability will be maintained and strengthened in France during 1950 or whether the situation will deteriorate.

As the foregoing report will indicate, there has been close cooperation between Embassy MDAP Section and the ECA Special Mission to France in connection with economic and financial problems arising in the program.

751.00/3–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, March 31, 1950—8 p. m.

1513. The death of Blum[1] has produced consternation among Socialists here as well as among observers who feel that Socialist Party, however weak and divided, fills great need in political life of France as only Leftist Party owing allegiance to France. Although Blum's influence has been on decline owing largely to his ill health

[1] Léon Blum, who had served as President of the Council of Ministers in 1936–1937, 1938, and 1946–1947, died on March 30, 1950.

and age during past few years he still remained his party's outstanding chief who could wield great influence thanks to his personal prestige as the grand old man of French Socialism. His death leaves party without single person of first class ability and with large following. While Moch may be considered party's strong man, and while he undoubtedly can render great services not only to his country, but also to his party in future, fact that as Minister of Interior he courageously assumed role of "policeman" will make it difficult for him to exercise the intellectual and moral leadership necessary to unite the many cliques and currents of opinion within Socialist Party.

One grave difficulty that now arises from Blum's death is problem with whom in Socialist Party one can now talk in order to exercise real influence or effect decisions that could be carried out. For example, question of Socialist unity in Italy is problem that could be discussed only with Blum if it were desired seriously to converse with French on this matter.

Hope remains that one of younger elements in party will eventually develop authority and prestige, but no one now appears on horizon who would seem potentially to possess making of Socialist leader in great tradition of Jaurès, Albert Thomas and Blum.

Finally, it should not be overlooked that Blum had many friends in US and respected our country and that his departure cuts off a close link between France and US, particularly with American labor leaders such as Dubinsky, to whom he was personally attached and with whose organization he closely collaborated. From this viewpoint his death is heavy blow to Franco-American relations, because no other leader of anti-Communist left in France entertains relations of so close a nature as he did. From very beginning of his return from deportation in Germany, Blum fought against unity of action with Communists.

Sent Department 1513, repeated London 434, Rome 115.

BRUCE

S/S–NSC Files : Lot 63 D 351 : NSC 68 Series [1]

Statement by the Minister in France (Bohlen), Temporarily in Washington, Before the Voorhees Group [2]

TOP SECRET 3 APRIL 1950.

The words "security" or "successful defense" have different meanings here and in Western Europe: In the U.S., that we will ulti-

[1] Lot 63 D 351 is a serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

[2] This statement, referred to in Mr. Voorhees' letter of April 10, p. 43, was sent by him to Mr. Acheson on April 12.

mately win a war; in Europe, that we can either prevent a war or, if forced into it, hold off Russian penetration.

The present danger is that Europeans will feel relegated to a role of being mashed up in the beginning of a war while the U.S. gains time to win it. While there is no doubt that the U.S. could ultimately win a war, there is very grave doubt at present that Europe can be defended against Russian penetration.

Another factor is that European economies will not stand an all-out rearmament enabling them to match the Russians, tank for tank. The Western European nations do, however, place reliance upon U.S. technical capacity. The problem boils down to one of developing successful anti-tank and anti-aircraft warfare and tactical air cover. If France had visible evidence of good anti-tank and jet fighter protection, this would change France overnight.

At present the French are strong for the development of a very light 12 ton tank, which they consider essentially an anti-tank weapon. This would mount a 75 or 76 mm. gun. The French realize that they cannot match the quantity construction of Russian heavy tanks.

(It was interesting to note that this plan of the French for a 12 ton tank would not, with the gun proposed, be suitable for the new and much more effective anti-tank ammunition being developed here. It therefore furnished a dramatic illustration of the need for correlation of our defensive plans with those of France and other nations.)

The French will have the will to fight if they feel they have a chance to protect their country from occupation. They are afraid of a defensive plan which will not envisage this, and are more concerned about the British attitude than about ours.

The current feeling in the U.S. about the danger of the return of a neutrality concept in France is exaggerated. Such a feeling exists there to the extent that they cannot see how they can place themselves in a position in a short time to defend themselves.

One-third of French military production is now planned for procurement. The only problem of military production now is a fiscal—budgetary—one. There are not enough francs in the budget for it.

40% of France's current military potential is being spent in Indo-China, with 150,000 French troops there, of which 44,000 are White French. These officers are badly needed in France to train the 16 divisions which France has promised for the defense of Europe.

A central serious weakness is the lack of an adequate coordinating point for development of defense under the Atlantic Pact. Defensive efforts are now "scattered all over the lot."

As to whether classified military information can be safely disclosed to the French, one cannot maintain that French security is

currently too high. But among strictly military personnel engaged in the development and production of weapons, the security is considerably higher. As to atomic matters in France, the security is very low because of the known Communist infiltration.

The psychology of 1940 is very strong in Europe as they are afraid that the British will take the attitude that defense of the Continent is secondary.

We need to emphasize more the preventive nature of the Atlantic Pact. It is my belief that the Russians are not deterred from fighting now primarily by our stockpile of A bombs. I have not been able to detect the slightest influence on Russian policy resulting from our possession of the A bomb. I believe rather that there is a healthy respect for the power of this country which holds back the Russians. Stalin repeatedly said during the war that modern war is production, and that the Germans could not win against the American production potential. I believe that it is this conviction of the over-all strength of America which is the principal factor currently preventing the Russians from launching a war.

Because of this, the American obligation to fight inherent in the Atlantic Pact has a powerful preventive influence against war.

The Russians are certainly not held back by anything now on the Continent of Europe in the way of military defense. Therefore, knowledge in Russia of the development of defensive weapons would not tend to trigger-off the Russians into starting a war.

It is most important to bring France into the plan for standardization of military equipment which is being worked out between the U.S. and the British.

In summary, the first phase of our European policy has been successful. I do not feel that we are losing the cold war. However, the situation is unpredictable.

The current actions of the Communist party in France are significant. They are apparently acting on naked orders from the Kremlin to throw the book at MDAP. They are not happy about it. They feel that they are being sacrificed by the Kremlin through such orders, and that the present policy is causing them to lose position in the labor unions. There is, however, a clear decision of the Kremlin to use the illegal apparatus. Under the Lenin teachings, they only use this hard core in a real emergency. The question is why the Kremlin is doing this. It may be that it believes it can sabotage our arms aid program. I hope this is so because it would be a gross miscalculation.

Or the Kremlin may be getting ready for some big operation this spring, and, if so, it would seem rather likely that it would involve Berlin. Our presence in Berlin is very serious for the Russians. In

fact, it is absolutely intolerable to them. This is particularly so as they now plan to try to use the East Zone Germans for their own purposes, and they cannot consolidate the East Zone while we are established in this central point in it.

A third possible alternative is that the Russians may have decided on a real military show-down this spring, although this seems less likely.

However, if they use illegal action in France to block MDAP, it means something important.

The doubt as to the future success of our policy is not due to Russian successes so far but to the need for clarification of the relation between Western Europe and the rest of the Atlantic community, including particularly German integration with the Western European nations.

As to Indo-China, if the current war there continues for two or three years, we will get very little of sound military development in France. On the other hand, if we can help France to get out of the existing stalemate in Indo-China, France can do something effective in Western Europe. The need in Indo-China is to develop a local force which can maintain order in the areas theoretically pacified. For this, 20 or 30 local battalions capable of maintaining order are required.

It is important, in order to maintain the French effort in Indo-China, that any assistance we give be presented as defense of the French Union, as the French soldiers there would have little enthusiasm for sacrificing themselves to fight for a completely free Indo-China in which France would have no part.

ECA Telegram File : FRC Acc. No. 53 A 278 : Paris ECATO : Telegram [1]

The Deputy Administrator for Economic Cooperation (Foster) to the ECA Mission in France

CONFIDENTIAL [WASHINGTON,] April 21, 1950—8 p. m.

Ecato 415. Reference Toeca 415.[2]

1. Appreciate details given reftel on position adopted by Petsche [3] in current counterpart discussions.[4] Since you indicate that French have agreed in principle to proposal of ECA, we assume seriousness

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[1] Federal Records Center accession no. 53 A 278 is a serial master file of incoming and outgoing telegrams of the Economic Cooperation Administration for the years 1948–1951.

[2] Not printed.

[3] Maurice Petsche, French Minister of Finance and Economic Affairs.

[4] For documentation on discussions in December 1949 with French officials regarding counterpart funds, see *Foreign Relations*, 1949, vol. IV, pp. 682 ff.

of Petsche's reported objections should be discounted. You may nevertheless be interested in ECA/W reactions to his comments; whether these views should be conveyed to French is matter your discretion. Your comments welcomed.

2. We are certain that your presentation of counterpart proposal did not warrant Petsche's inference that ECA is now interested in encouraging additional expenditures in France. Nor does proposal to expend 20 billion francs for certain "critical sectors" justify accusations of "demagogy" or raise threat that we are leading France on royal road to bankruptcy. Contention that this proposal involves additional foreign intervention in domestic affairs of French is also without foundation. ECA interest in pattern of investment, and earmarking of counterpart funds for specific investment purposes, is not significantly different in kind or degree from types of US-French relations involved in previous counterpart negotiations on credit controls, sterilization or release of counterpart funds, etc. Further, it is fully consistent with terms of Economic Cooperation Agreement.

3. ECA has obvious and legitimate interest in obtaining most efficient utilization of French investment resources to promote French and European recovery. Present concern over pattern of investment has always existed, and success of Government in achieving overall financial stabilization now permits increased action to be taken in this field. You might indicate to French that in several other participating countries ECA's interest in counterpart investment projects has gone to extent of approving releases of funds only on basis detailed examination of specific projects involved. Existence of Monnet Plan in France makes such procedure less necessary, but ECA will continue to elicit cooperation of French in specific cases where it feels some change in investment plans is desirable. We recognize fully, of course, that Parliament must give ultimate approval to overall investment patterns.

4. It seems probable that Petsche's opposition may result in part from lack of sympathy with our support of welfare and other measures identified with other political and social groups, as well as from his predominant concern with financial stability. This may suggest necessity of enlisting additional support for our investment objectives from other interested groups such as Monnet Plan authorities or noncommunist labor unions.

5. As indicated para 6 Ecato 391,[5] we believe that position of ECA would be strengthened if we can propose specific reductions in other

[5] Not printed; Ecato 391, April 14, recorded ECA's approval of a proposed shift of emphasis in counterpart discussions from efforts to promote internal financial stability in France to efforts toward closer French-American cooperation in certain critical sectors.

investment categories concurrently. Frequently-voiced argument that French cannot cut investment program even in admittedly over-expanded sectors because all projects are now under way is not persuasive. During course of construction, opportunities must often exist to cut down size and expense of project. Your views requested whether this may necessitate greater familiarity with details of French investment plans on our part.

6. We agree with your position final para reftel that critical sector approach should not degenerate into elaborate shopping list and must be consistent with need for basic adjustments in French economy even though latter are politically unpopular and very difficult to accomplish. We do not believe, however, that tentative list of critical sectors outlined in Toeca 397 [6] is subject to this criticism. ECA support of workers' housing, cushioning of unemployment, productivity, agricultural investment, etc. is not based on desire for political popularity but on conviction that these measures would encourage social stability and promote economic recovery along lines essential to realization of ERP objectives in France.

7. In summary, your specific counterpart proposal and broader policies, which lie behind it do not appear open to criticisms made by Petsche, nor should they necessarily involve new problems in relations with French. Position which you have taken with French as outlined in reftels has our full support.

Repeated to OSR as Torep 3324.

FOSTER

[6] Not printed.

751.5 MAP/6–950 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, June 9, 1950—4 p. m.

2782. Personal and eyes only to Ohly [1] from Bohlen. Please pass to Bonesteel.[2] In view of effect and possibly confusion in some quarters as result of Pleven's letter to Secretary Johnson [3] and Schuman's letter of May 17 [4] to Secretary in London concerning French dis-

[1] John H. Ohly, Deputy Director of the Mutual Defense Assistance Program in the Department of State.

[2] Charles H. Bonesteel 3d, Executive Director of the European Coordinating Committee of the Mutual Defense Assistance Program.

[3] Letter to Secretary of Defense Louis A. Johnson, dated May 25, not printed.

[4] The letter, handed to Acheson by Foreign Minister Robert Schuman on May 17, was quoted in telegram 2725 from London, May 17, 8 p. m., not printed. (751.5 MAP/5–1750)

appointment and concern at delays, et cetera, in actual delivery of MDAP equipment for 1950 program, I believe that following estimate of real causes of French concern which I received direct from Pleven himself in recent private informal conversations would be helpful if only for purposes of clarification. It should be borne in mind that while these views come directly and confidentially from Pleven, we believe they represent widespread feeling in French military establishment which is beginning to permeate certain parliamentary circles.

1. Pleven's chief complaint has been his inability to obtain sufficiently in advance information concerning expected schedule of arrivals of equipment under MDA program. While he is extremely disappointed that deliveries under the 1950 program have been so long in getting under way and will be stretched over so long a period, it is the absence of advance information on these subjects which has perturbed him more. He has repeated to me on several occasions that it is the uncertainty in regard to the MDA program which has made it very difficult for him to make proper dispositions in regard to training of units, arrangements for reception of matériel and other related matters. He does not claim that he has been specifically misled by any American authority but definitely indicates that he has been forced to work in the dark in regard to the program because of the paucity and delay in receiving the necessary information. French, however, apparently did infer from the presentation last November of what was virtually an agreed list of deliveries for the 1950 program that this matériel was, therefore, available and would be delivered some time within the vicinity at least of the calendar year 1950. He is fully aware of US fiscal year and I do not believe there was any confusion on this point.

2. Pleven points out that the absence of clear indications concerning arrival of shipments has made it necessary for him to keep Cherbourg in a state of readiness far in advance of actual arrivals which he states is costing his budget between two and three million francs a day. He is unable to understand, and we have been unable to give him a clear answer, why only roughly 2,000 tons of equipment have arrived to date in France.[5] He emphasized the bad political consequences among the dockers who have gone along with the government against fierce Communist opposition by the failure of ships to arrive more frequently. It must be recalled in this connection that Pleven has gone all out in meeting Communist opposition and efforts at sabotage and he is therefore understandably particularly concerned

[5] In telegram 2931 to Paris, June 21, not printed, Ohly said he could not understand the 2,000 ton figure because about 7,000 measurement-tons had been shipped prior to May 31 in addition to 96 naval aircraft. Six vessels with an additional 8,000 tons had sailed, or would sail, for France in June (751.5 MAP/6–2150). In answering telegram 3132, June 27, not printed, Bohlen said the apparent discrepancy in tonnage was caused by confusion in the use of long-tons versus measurement-tons or weight versus cubic feet. He thanked Ohly for the information and assurances in telegram 2931, said he would draw upon it in conversations with Pleven, and repeated his wish that he be kept fully informed on supply and shipment matters. (751.5 MAP/6–2750)

re use that Communists could make politically on failure of the program to materialize more quickly.

3. His letter to Secretary Johnson and Schuman's to the Secretary, which he of course inspired, were due to his learning suddenly, without any advance indication to that effect, that the delivery of the 90 mm anti-aircraft guns could not be completed before fiscal year 1952, which completely, he states, upset his plans for the formation of French anti-aircraft units. Again, on this point, he particularly emphasized that had he known last fall at time of delivery of lists, or even early in the winter, that this equipment would not be ready for at least 18 months, he could have made in time the necessary dispositions.

4. He is anxiously awaiting the answer to question raised in his letter of May 25, quoted in our 2753 to Department of May 29,[6] in regard to cost of transport and its possible effect upon the total deliveries under the 1950 program.

5. I emphasized very strongly to Pleven the complication in this matter of programs of delivery, the availabilities in US, et cetera, and warned him against drawing unwarranted inferences in the absence of definitive information. In order to disabuse him of any idea that US Government was holding out on him, I told him that since we had not received at the Embassy the advance notices to which he was referring, I could only assume that the information for practical reasons was simply not available in Washington.

6. Pleven is also disappointed in regard to status of exchange of information on new arms. He was under impression following his conversation at The Hague with Secretary Johnson that a visit to the US for the Defense Ministers of the Atlantic Pact countries would be arranged sometime early this summer for the demonstration of new weapons. Now he learns it is postponed until October, which he feels is additional delay of several months in moving forward on concerted standardized rearmament plans.

We will continue to do our best to combat French misunderstanding and apprehension in regard to MDA program, but in all honesty both General Richards[7] and I feel there is good deal of justification for French attitude primarily on point of absence of clear and timely information concerning implementation of MDA program.

We cannot emphasize too strongly the importance of advance information on these subjects, whenever physically possible, even though it is necessary in elementary prudence to take a more pessimistic position as to future deliveries, et cetera, than subsequent events might justify. We hope maximum effort to this end can be made in order that important psychological effect of US assistance in this field is not dissipated through misunderstandings.

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[6] Not printed.

[7] Maj. Gen. George J. Richards, USA, was Chief, Military Assistance Advisory Group, France.

Since foregoing was received from Pleven on strictly personal and confidential basis, please handle with greatest discretion as to distribution. [Bohlen.]

BRUCE

751.5 MAP/6–1050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

CONFIDENTIAL PARIS, June 10, 1950—3 p. m.

2806. Tomap. Pleven has given us copies of two letters, one from Mayor of Cherbourg dated June 4 and the other from secretary of dockers union of Cherbourg, concerning situation among dockers at Cherbourg.[1]

The letter from the Mayor expresses great concern that disappointment of Cherbourg dockers at failure of more work to materialize through MDAP deliveries is creating psychological situation among dockers which Communists are trying to exploit to the utmost. The Mayor emphasized that his appeal to Pleven to do his utmost to arrange for more frequent arrivals in Cherbourg in order to give dockers work is designed to forestall in future a fundamental change in dockers' attitude towards the unloading of American equipment. He emphasized that this situation has not yet come about and dockers are still willing to work, but having taken the lead in voting overwhelmingly to unload American equipment in face of most extreme Communist propaganda, bribes, and even threats of violence against themselves and their families, there is growing disappointment among dockers, and he feels workers are beginning to be receptive to Communist propaganda to effect that they had been duped. He emphasized that it required considerable amount of courage on part of workers, primarily for patriotic reasons, to have resisted this strong Communist pressure and to have voted overwhelmingly to support the government in what he considered the first battle of Cherbourg. But this courageous action on the part of workers was, in part at least, based upon the expectation that some steady work would develop as a result of MDAP deliveries.

The letter from the secretary of the dockers union merely points out that despite expectations there have only been two boats arriving in Cherbourg since Pleven's visit on 13 of April to welcome the first MDAP shipment and asks Pleven to do what he can to increase these arrivals in Cherbourg where "we wish to work and in other ports they have refused."

[1] Neither printed.

In furnishing copies of these letters, Pleven did not make any complaint or criticism of US in regard to arrivals, but merely wished to draw our attention to a situation which he considered could become serious. He even raised the question as to whether or not it would be possible to divert to Cherbourg some ECA shipments in order to maintain the morale and spirit of the Cherbourg dockers who, as he correctly pointed out, had set an example in defying the Communists by voting to unload US arms shipments which had had a very important effect on dockers in other parts of France. Should through lack of work and Communist pressure the Cherbourg dockers abandon this fight and through some action or other indicate a reversal of their previous decision, Pleven felt the effect would be very bad in other parts of France.

We told Pleven that according to our understanding US authorities, once procurement authorization had been approved in Washington, had no part in decision regarding the manner of shipment or port of arrival in France on delivery which was left entirely to arrangements made by French importer with American exporter and shipping companies, but we promised to inquire about the matter. ECA–France has confirmed that above is procedure. Pleven had somewhat similar understanding, and he was already investigating on French side possibility of some ships being diverted to Cherbourg. He stated that the officer in command of arrangements for reception of MDAP shipments in Cherbourg had also been in to see him to express his concern at possible future developments in dockers attitude.

Embassy believes that considerable importance should be attached to these communications, copies of which will be airpouched to Department, since they are confidential and earnest appeals from Cherbourg to the Minister of Defense. We do not know here whether anything can be done in respect of ECA shipments from our side, but obviously the best solution would be the acceleration and steady arrival of MDAP deliveries.[2] Pleven felt that if, for example, two ships a month could be scheduled for Cherbourg, this would provide sufficient work to encourage the dockers to maintain their present position. One difficulty up to present has been that although two ships have arrived, only a very small part of their cargo was unloaded at Cherbourg.

BRUCE

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[2] In telegram 3064 to Paris, June 28, the Department of State expressed concern at the plight of Cherbourg, confirmed the Embassy's understanding of shipping procedures, and pointed out that current schedules already called for substantial shipments there in July (751.5 MAP/6–1050).

751.5 MAP/6–2250 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, June 22, 1950—9 p. m.

2957. Personal to Bruce, Bohlen and Bonesteel from Ohly.

1. Latest developments on FY 1950 program and delivery schedule together with Wash views on question exchange of info on new weapons given in Deptel 2931 to Paris, Jun 21.[1] Ref Paris 2997, Jun 21 and London 3527, Jun 22.[2]

2. Dept and Dept Def appreciate and are putting forth most vigorous efforts to support Fr energy and resolution and M. Plevens in particular to build up morale, strength, organization and equip of Fr mil estab. Recognition of this resolve has led US Govt to share on a most equitable basis in light of strategic factors involved its available mil capital equip with Fr and other Eur NAT countries. This sharing of available mil capital equip will be pushed to the furthest extent possible consistent with US security needs and will be continued until new production closes the gap appreciably between requirements and availabilities. Fr and other MDAP countries shld realize US does not possess mil equip and supplies which can be disposed of at will and without regard to security needs of US and our allies.

3. Dept believes Pleven is most anxious to demonstrate concrete accomplishments in making Fr mil estab effective and is also proceeding on the basis of some misinformation on certain questions as well as lack of timely info on other questions. Dept believes you shld talk with Pleven and discuss subject, preferably along lines Deptel 2931 and Para 2, above. Dept requests that every effort be made to avoid intensifying Pleven's expectations except on matters US is in position to make good and on time.

4. Re FY 1951 program for Fr, fol factors shld be kept in mind:

a. Present programs are subject to refinement and present distribution of aid by countries and services may be altered to meet latest developments in Eur defense efforts as well as emergency requirements outside NAT area.

b. Character and composition of FY 1951 programs will be similar to those in FY 1950. Equip being furnished under MDAP is identical in almost every respect with that being issued US forces.

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[1] Not printed; it stated in reply to telegram 2782 from Paris, June 9, that the need for more reliable forecasts was recognized, that Secretary of Defense Johnson had "directed maximum speed-up of deliveries, authorizing utilization of all rapid procurement devices and short-cuts," and that every effort was being made to remedy the difficulties noted by Pleven. (751.5 MAP/6–2150)

[2] Neither printed.

c. Where new and improved mil equip is in production and current output can be diverted from Dept Def requirements, Def is making such equip available Fr., e.g., jet aircraft.

5. Dept and Dept Def will not consent disclosure of monetary value of equip by source in proposed FY 1951 program to Fr. Sufficient to state that most of Army equip to be supplied in FY 1951 will be from sources other than new procurement, except for the vital components and spare parts.

[Here follow further details regarding possible discussions, technical information, and production schedules.]

7. Pls keep us currently informed developments and ur views regarding Pleven's actions.

8. Cleared Def. [Ohly.]

ACHESON

751.5/7–1850 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, July 18, 1950—8 p. m.

333. Since Moch's appointment as Defense Minister [1] may raise questions as to performance of Socialist in this post at this time, particularly in view of appointment Socialist Mons as Secretary General for National Defense, Socialist position on rearmament, Indochina war, et cetera, the following may be of interest.

Moch was Pleven's personal choice as Defense Minister. They are close friends and I believe political convenience was secondary to Pleven's conviction that regardless of party, Moch's qualities of intelligence, energy, sense of organization and intense patriotism together with his proven record and wide experience in dealing with Communists best fitted him for National Defense job in Cabinet headed by Pleven. While Moch has many political enemies, and not a few personal ones besides, qualities listed above are not disputed. Furthermore it must be recalled (Embtel 200, London 78 [2]) that Socialist Party, in voting Pleven's investiture, implicitly accepted his announced intention to demand increased military credits. As for Indochina, while Socialists have passed irresponsible resolutions in party congresses, they have never failed to support government's basic policy or to vote military credits for Indochina war. It is general

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[1] On July 13 the National Assembly approved the composition of a new government with René Pleven as President of the Council of Ministers; Robert Schuman continued as Minister for Foreign Affairs and Maurice Petsche as Minister of Finance and Economic Affairs.

[2] Not printed.

opinion however that even if his party should not support his and Pleven's policies in military matters, including increased military credits, Moch would resign rather than become his party's mouthpiece in matter he felt adversely affected his country's security. Furthermore there are not a few astute observers who recall that fact that Moch was socialist as well as strong Minister of Interior was great advantage to France in tests of strength with Communists during internal troubles of autumns of 1947 and 1948 and point to possibility that same advantages may accrue in tests of strength which may be foreseen with Communists in event international crisis deepens and France augments her military expenditures and increasingly channels her energies from reconstruction to rearmament.

Sent Department 333, repeated info London 96.

BRUCE

740.5/8–250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, August 2, 1950—8 p. m.

623. Embtel 525, July 28, London 154, Heidelberg 8.[1] Following is translated text Foreign Office note dated today re LOC. Its provisions have been approved by Pleven and Petsche.

"The Ministry of Foreign Affairs presents its compliments to the Embassy of the US and has the honor to refer to the recent exchanges of views on the subject of financing the expenses that are required on French territory for the establishment of a line of communications going from La Pallice to the German frontier, for the requirements of the American troops in Europe.

The cost of that part of the work that is required on French territory (expenses in dollars and francs) would be at a maximum of 10 billion francs. (*Note:* This refers to first year only. Written confirmation follows.)

1. The French Government requests that this expenditure be shared by the various powers that are signatories of the North Atlantic Treaty; and it will definitely assume that part of the cost which will be allotted to it as a result of such a division.

2. However, the labors of the committees or organisms charged with allotting these shares may involve delays which are incompatible with the need for rapid establishment of this line of communications.

The French Government agrees that the immediate expenses be financed by advances made by the American and French Governments. It is prepared to make such advances in francs up to 20% of their total amount and within the limit of the prospective total of 10 billions.

3. Budget considerations of a technical nature make it impossible, however, for the French Government to participate effectively in the

[1] Not printed.

advances which would be necessary, prior to January 1, 1951. The French Government suggests that in the meantime the advances be made by the American Government, with the understanding that the French Government will make reimbursement after January 1, 1951.

The technical arrangements would be made by experts designated by the two Governments.

4. The Ministry of Foreign Affairs would be grateful to the Embassy of the US if it could make known the attitude of the Government of the US with respect to this proposal, and takes this occasion to renew the assurances of its highest esteem."

Our comments will follow.

Sent Department 623, repeated info London 180 for Spofford [2] and Bonesteel, Heidelberg for Handy.[3]

BRUCE

[2] Charles M. Spofford, U.S. Deputy Representative, North Atlantic Council.
[3] Gen. Thomas T. Handy, Commander in Chief of the U.S. European Command.

Editorial Note

On the evening of August 5, M. Pleven delivered to Ambassador Bruce a note describing his Government's plans for a 3-year program of rearmament and pointing out the need for substantial assistance from the United States and other members of the Atlantic Pact. A translation of this note was sent to the Secretary of State in telegram 688 from Paris, August 6, 2 a. m., not printed, and the text was made public in Paris on August 7. (740.5/8–650)

751.5 MAP/8–1550 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, August 15, 1950—8 p. m.

803. Tomap. 1. Fr Emb, Wash submitted *aide-mémoire* [2] dated May 23 requesting US Govt pay all ocean transportation for the first phase of the Military Assistance Program, orally stated to be the entire FY 50 program regardless of date of delivery.

2. Copies of Fr *aide-mémoire* and our reply dated Aug 11 being airpouched to you. In summary our reply rejected Fr proposal and covered fol:

"The US Govt firmly believes that as a matter of policy Fr Govt shld, in the interests of furthering application of principle of self-help

[1] Repeated to London for ECC as 855; HICOG, Frankfort, passed to Heidelberg for General Handy as 34.
[2] Not printed.

and mutual aid, make arrangements to have transported at its expense approximately fifty percent ocean tonnage to be furnished on grant basis under MDAP.

US Govt is convinced that resources which it is making available for common defense NAT area can be most effectively employed by furnishing high priority mil equip from US and by assisting in financing additional production of such mil equip in the countries of its Treaty partners. To the maximum possible extent, transport of about fifty percent of ocean tonnage at expense of the recipient govt shld be assumed by other Treaty partners.

US Govt hopes Fr Govt will re-examine this problem with a view to assisting this Govt in arranging for ocean transportation of mil assistance being made available to Fr Govt under MDAP."

3. Cleared Def and ECA.
4. Pass OSR.

ACHESON

751.00/9–150

The Ambassador in France (Bruce) to the Secretary of State [1]

SECRET PARIS, September 1, 1950.

[No.] 564

Subject: Review of Political Developments During the Months of June, July and August 1950

As a supplement to the Embassy's reporting of political developments during the last three months, there is submitted a summary and evaluation of the salient events of the period, which is designed to permit a longer-range assessment of political trends. The salient political developments during the period under review were the following:

1. *The ministerial crisis of June/July.* Although the 20-day crisis itself, following upon the overthrow of the Bidault Government on June 24, pointed up the weakness of the present "Third Force" coalition and the essential instability of any government founded upon it, the outcome of the crisis involved a strengthening of the coalition by renewed participation of the Socialists, who had withdrawn from the government last February. The crisis also demonstrated again the fact that no coalition other than that of the RGR, MRP and Socialists is arithmetically possible under the present distribution of seats in the National Assembly, and that Socialist support is thus essential to any government.

Failure to take into account the electoral requirements of the Socialists resulted in the downfall of Georges Bidault. Failure to assure himself of Socialist support also resulted in the downfall of the two-

[1] This despatch was drafted by Martin F. Herz, Second Secretary, and was initialed for the Ambassador by Philip W. Bonsal, Counselor of Embassy.

day government of Henri Queuille (July 2/4), who had unsuccessfully attempted to stretch the coalition further to the right. An incidental lesson learned from the experience of Queuille was that by attempting to gain support from the right, not only Socialist support was lost but no majority was obtainable even if the Socialists had abstained: one-third of the MRP deputies in the Assembly deserted Queuille when the slate of ministers became known, including as it did men like Reynaud, Antier and Giacobbi. Even had the Socialists abstained, the defection of left-wing MRP elements would have prevented confirmation of the government. Although the downfall of Queuille and the prolongation of the crisis appeared most deplorable at the time, particularly in view of the Korean crisis, it now seems that by proving the impossibility of gaining right-wing support at the expense of the left, Queuille's failure did serve a salutary purpose.

While still confronted with many pitfalls, the Government of René Pleven is a somewhat more stable and promising one than the last Bidault government because it enjoys Socialist participation, because its establishment followed agreement by the coalition parties on a number of outstanding issues on the basis of a program worked out by the Socialist Party's Secretary General and, moreover, because it is better equipped in personnel than its predecessor to grapple with the problem of increasing France's military potential, which from a larger viewpoint is the most important problem confronting the country at this time. Not only is Pleven himself defense-minded as a former Minister of Defense, but his successor in that post, Jules Moch, combines the advantage of having been an aggressively anti-Communist Minister of Interior with the fact that he is a Socialist, which makes acceptance of the new arms program by at least part of the French working class more probable.

2. *Psychological Impact of the Korean Crisis.*[2] The Communist invasion of the Republic of Korea constituted a traumatic experience of the first order for the collective mind of France, by suddenly throwing into bold relief her pressing need for (*a*) an attitude of determination, (*b*) arms, and (*c*) strong and ready allies. Although the promptness and determination of the United Nations counter-effort was applauded, a feeling of extreme nakedness overcame the French at the thought that Russia, having shown that it was willing to risk war, might next attack in Europe. The fact did not go unnoticed that available U.S. combat divisions were being syphoned off to the Far East.

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[2] For additional documentation on French involvement in the Korean crisis, see volume VII.

It is significant that the psychological reaction of France to the apparently greater danger of Soviet invasion in Europe was better than it might have been: The feeling of nakedness in the face of possible Soviet aggression did not result in any noticeable afflux to the Communists, nor did it give impetus to the corroding self-deception of "neutralism." On the contrary, the French reaction, while it was one of understandable fear, was also one of impressive solidarity with the U.S. and approval of the U.N. action in Korea, with a renewed appreciation of the importance of collective security arrangements, and a large degree of unanimity that France's defenses must be rapidly strengthened.

Neutralist sentiment became not more vocal, but less so, with papers like "Le Monde" for instance featuring articles that advocated immediate atom-bombing of Russia in the event of any false move in Europe, and that blamed the U.S. for not being stronger in Europe. As to the Communists, their campaign for the Stockholm appeal,[3] which had been making considerable headway in France, appears to have been quite seriously discredited by the Communist aggression in Korea. Another significant development in public opinion was an apparent weakening as regards the question of rearming Germany. Surprisingly little opposition was voiced by French non-Communists when the question arose of allowing the German Federal Republic to equip some militarized police contingents.

How the French proposed to arm themselves is set forth separately further below, when their reluctance to make sacrifices is discussed. Apart from that political limitation upon the new French spirit of determination, another limitation, a psychological one, became apparent from various speeches on the subject of rearmament which all too frequently expounded the necessity of pushing the defenses as far as possible to the East because any invasion of France by the enemy would in effect mean loss of the war, regardless of any subsequent liberation by the West. Thus even Jules Moch, the Minister of Defense, explained that liberation of France after an occupation would "liberate nothing but cemeteries." While concentration of the need to build up France's defenses in Germany was itself quite a salutary thing, there was nowhere any discussion of possible defenses inside France itself, of a war of maneuver in the event of another Sedan, of the possibility that another Battle of the Marne might have to be fought. In other words, the fear of enemy invasion and occupation, and the concentration on defenses outside of France, did nothing to build up psychologi-

[3] Documentation on the attitude and response of the United States to the Soviet "peace offensive," is scheduled for publication in volume IV.

cal resistance against a possible panic if enemy armies were to plunge across France's borders again as they have done twice before in this century.

3. *The Rearmament Effort.* Even while Prime Minister Attlee told Britain, under the impact of the Korean crisis, to gird itself for necessary economic sacrifices in the interests of national defense, the French government found it necessary to assure its people that an increased defense effort would not be allowed to interfere with the living standard of the average man. This reflects not only a difference in national temperament but also a difference, as between England and France, in the degree of unity and social equilibrium. France, with a Communist party that is followed by at least 20% of the electorate and is larger than any other French party, can ill afford to call upon an economically underprivileged and already partially disaffected working-class to make sacrifices in the interests of national defense. The slogan "No national security is possible without social security" epitomizes the problem, and thus the limitations imposed upon French rearmament. Significantly, this slogan was not confined to the French leftists. Only the extreme right in France exhorted the country to arm regardless of the cost.

Nevertheless, a fairly substantial increase in French preparedness measures was indicated by various steps taken by the government: Prime Minister Pleven, at the time of his investiture on July 11, forecast an increase of 80 billion francs in next year's military budget over the 420 billion earmarked now for the purpose. In addition, a substantial portion of the five-year programs for the French air force, Navy and ground forces appeared to be actually supplementary to previously budgeted items. Only the air force program, involving some 240 billion francs, was so far unveiled, and under the pressure of events, as well as under some diplomatic pressure, the French government declared itself prepared to accomplish that program in three instead of five years.

On August 6, in reply to a pointed inquiry from the U.S., the French government submitted a memorandum in which, in very broad strokes, a supplementary three-year arms program was envisaged involving the expenditure of 2,000 billion francs, which amount would include the telescoped air force program mentioned above, and which was conditioned specifically upon outside financing. The memorandum also envisaged the activation of fifteen new French divisions by the end of the third year but at the same time called for the early dispatch to the continent of British and American effectives. One of the most important features of the memorandum was its proposal of a common defense fund by the western powers, to which each should contribute in proportion to its national income.

Whatever the French contribution to the western defense effort will actually turn out to be in dollars and cents, the French desire for closest integration of the western defense efforts, their new spirit of eagerness to expand their effective forces, and the determination with which Defense Minister Moch in particular attacked the problem of internal security in the event of a war, all denoted a fair amount of progress. True, the danger had perhaps increased even more than the efforts to meet it, but the trend was established, and additional measures, such as extension of the period of military service, seemed likely* and would probably meet, if not with public enthusiasm, then at least with a large degree of understanding and acceptance. A factor which somewhat went counter to the French tendency toward integration of western defense efforts was their fear, which was frequently expressed in public, that the concept of "balanced collective forces" might involve relegating France to the position of supplier of infantry only. An infantry contribution to the continent of British and U.S. effectives, as requested by France, would of course be most apt to abate this French apprehension.

[Here follows a discussion of social security elections, the minimum wage scale, electoral reform, Gaullist and Communist activity, and other internal political developments.]

Summary and Conclusions. Against a background of inherent governmental instability, moral uncertainty and parliamentary diffusion of power, an analysis of the three-month period just concluded nevertheless permits an improvement to be discerned in France in all those spheres partly due to the impact of the Korean war: While still unstable, the Pleven government has the makings of greater strength than its predecessor. The morale of the French did not unduly deteriorate when France felt most weak and unprotected immediately after the Communist aggression in the Far East; as a matter of fact, government and people showed a greater amount of realism and the more militant posture assumed by the government, as well as the specific measures to strengthen France's defenses, were generally approved. Social pressures were slightly abated by promulgation of the new minimum wage schedule, but there is no indication that a real equilibrium has been reached. Communist strength did not increase, nor did de Gaulle manage to capitalize on the world crisis. The basic factors making for French weakness and instability still exist, but at the end of the period under review there was slightly less weakness and slightly less instability than at the beginning.

DAVID BRUCE

*Prime Minister Pleven announced on September 2 that the government would ask for an extension of military service from 12 to 18 months. He implied that a further extension at a later time is contemplated. [Footnote in the source text.]

740.5/9–1650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, September 16, 1950—2 p. m.

1397. Eyes only for Secretary and Webb. Distribution as directed by Secretary's office. I am sending this telegram because I am increasingly concerned over reports that in Washington some of our officials feel the French Government is not seriously intent upon rearmament but is putting forward various schemes designed to have others shoulder the larger part of their military responsibilities for North Atlantic defense.

Personally, I think that the French have presented their case to us in a maladroit and confused manner. In an effort to correct unfortunate impressions, I will try to reduce to simple terms what it is they are apparently prepared to do, and the conditions that they attach to their program.

1. The French wish to have additional American and UK ground troops stationed in Europe, a combined command, a combined production board, a central approval of expenditures (which they inaccurately call a common budget), combined operations in the purchase and allocation of key international commodities, and protection of European currencies from undue depreciation vis-à-vis the dollar and vis-à-vis each other.

I shall not comment upon the above since some of it has been already agreed to by us and the rest is under discussion.

2. In attempting to judge the French attitude toward rearmament, one must take into consideration the personalities of its chief political leaders. Pleven, Moch, Schuman, Petsche and Mayer are, I am convinced, thoroughly aware of the grave dangers confronting the western world and equally determined that France shall do her utmost to organize to avert these dangers. To that end, the Cabinet has committed itself to the addition of fifteen new combat divisions to their present ground forces, over a three year period, provided that proper financial dispositions can be made to equip and maintain them. Moch would like to have ten divisions (five new and five old) brought up to strength and equipped for western defense by July 1, 1951. The effort in Indochina where armed forces of about 150,000 men are operating would be continued.

3. With a commitment of 150,000 troops in Indochina and a readiness, if financing can be arranged, to make available twenty combat divisions to Western European defense, the French Government feels that it has offered in proportion to resources the most significant contribution of any NAT nation since the end product desired is combat troops.

4. The French also point out that because of their excessively low troop pay and the absence of supporting services for various amenities, they obtain in proportion to the size of their military budget a larger number of troops than is possible elsewhere, and that it is completely unrealistic to consider their effort in comparative dollar terms. In this connection they point out that the US with a pre-Korea annual budget for the Dept. of the Army alone of about 5.3 billion dollars had only eleven divisions, some of them skeletonized and as the experience in Korea has proved, only a small number trained and equipped for combat. During the same period on an annual budget of the equivalent of about 1.7 billion dollars for all three service branches, Army, Navy and Air, the French had including troops in Indochina at least half again as many divisions as ourselves, many of which had been actively fighting for four years in the Far East. At the same time, their internal security situation menaced by a large Communist element in the population has made necessary the maintenance of sizeable contingents of armed civil guards.

5. In regard to the French financing such a program, the background is the following: the French tax system admittedly is in many respects inequitable and inefficient, but it does succeed in raising large amounts of revenue in proportion to national income. During the calendar year 1950, it is estimated that the government will take in taxation (including social security taxes) about 38 percent of the national income or about 31 percent of gross national production. This fiscal burden compares favorably with that of the other NAT nations. Petsche proposes to ask Parliament for substantial new taxes which, if granted, would considerably increase the above percentages for the calendar year 1951, and he hopes to find this new revenue in ways which will contribute further to the elimination of inequity in the fiscal system.

6. Out of total French Central Government expenditures in 1950 of approximately 2,450 billion francs, 590 billion francs, according to the agreed London definition, are for defense expenditures, representing about 8.8 percent of the national income.

7. Moch has preliminarily estimated that he needs a defense budget for 1951 of 970 billion francs. This figure is not firm and has not been accepted by the Cabinet. If it were accepted, it would represent 14 percent of national income.

8. The French are already experiencing a strong renewal of inflationary pressures. It is obvious to them even if they adopt the most vigorous anti-inflation measures that the present situation in France permits a three year program of the magnitude they have in mind cannot be realized without outside aid. If it is attempted without such aid the resulting inflation of their currency would be disastrous

to the political and social equilibrium in France which is the *sine qua non* of a successful defense of Western Europe.

9. In certain cables which have come from Washington on this subject, it seems to be assumed that the French envisage such aid as due to come almost entirely from the US. I think this is a misapprehension of the French concept of the most efficient combined use of NAT resources financial and otherwise.

10. Pleven has announced categorically that he can make no definite commitments as to the extent of the financing by his government of large future increases in the French military establishment until he is assured that the other NAT countries will subscribe to financing a reasonable share of the common effort. He believes that the French Government will be in an untenable position with its Parliament and people if, while the French contribute a far larger share in military manpower than their partners, and, therefore at least theoretically expose themselves to greater losses in killed and wounded than their allies, they should at the same time have to finance this effort in a grossly disproportionate manner as compared with their partners. If for example twelve or fourteen percent of the national income of France is devoted to defense, and the UK makes available only 8.3 percent, Belgium 5.7 percent and Norway 4.5 percent, the French believe that they will be embarking upon an enterprise doomed to fail through inflationary pressures which many of the other NAT countries will be able to disregard to the added disadvantage of the French economy.

11. Consequently the French do not wish to finalize any figures in detail until they know whether their medium and long term efforts will have to be made essentially on a national rather than on a cooperative basis. They also do not wish to indicate whether other NAT countries might contribute to France or vice versa until a common authority under NATO has made definite assignments in troop strength and production to each country. It is likely that such assignments would bring many of the countries up to a level of military expenditures approaching those contemplated by the French for themselves.

Only then could the financial share of the common effort be estimated for each country.

12. As to the high priority production program the French are going ahead in letting contracts. Although we have had difficulty to date in extracting from them the information required by Washington, I believe we will obtain it next week. (In connection with this program because of the terms of the Congressional act appropriating MDAP funds, the anomaly seems to appear that a nation contributing both large troop strength and production and therefore taking on a

disproportionate share of non-fabrication expenditures is actually penalized as compared with a nation making the bulk of its effort in the manufacture of military items. The French still hope to obtain our assent to non-fabrication expenditures being taken into account by us in granting MDAP assistance and this has held up the submission of a financial proposition on the high priority production program.) Personally I have doubts as to the wisdom of their manufacturing some of the present priority items, but since decision in regard to them lies in the military field, I have no comment to make on that subject, except to say that as is no doubt the case in our own and other armies this will result in waste, duplication and loss of efficiency in the production of weapons which ought to have been standardized.

13. In conclusion, it is my own belief that unless the economic and financial burden of rearmament can be equitably shared either all the gains achieved through the Marshall Plan in France will be cancelled out by an inflation the consequences of which expressed in deep social unrest and even revolt will make the effective rearmament of Europe impossible, or the French Government will be unable to obtain from the Parliament the necessary ratification of its rearmament program.

BRUCE

396.1–NE/9–2550

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET NEW YORK, September 23, 1950.

Participants: Secretary of State Acheson
Secretary of Defense Marshall
Foreign Minister Schuman
French Minister of Defense Moch
Foreign Minister Bevin
British Minister of Defense Shinwell

After the closed session of the six Ministers this morning the Secretary reported on the conversation which had taken place.[1] He said that he opened by explaining the delicate situation we found

[1] Copies of this memorandum were made available on September 25 by the Director of the Executive Secretariat (McWilliams) to Messrs. Webb, Matthews, and Perkins with the notation that Secretary Acheson "desired that the most limited circulation be given the paper in view of the serious consequences to the French delegates and to our own gains in the negotiations should the information therein become public."

For the text of a telegram informing the American Embassies in the United Kingdom and France and the Office of the U.S. High Commissioner in Germany of this meeting, see Secto 44, September 23, p. 343.

ourselves in as far as moving ahead with the European Army in the absence of an agreement for Germany to participate. He said that we were in a series of "fixes". He pointed out that the North Atlantic Council would meet next week and he doubted that the French could change their position if they were unable to change it today. Following that there was a meeting of the Defense Ministers scheduled for October 16. He pointed out that there would be a great deal of interest in these meetings and it was essential to find a way to do something at both of them. The Secretary said that he and the UK were convinced that the plan was the right one. He said that he considered the participation by Germany essential.

The Secretary then asked General Marshall to speak on the question of what he thought the effect would be on him if the Germans were not allowed to participate. He also asked him to touch on the difficulties with Congress, with the public, and with regard to obtaining necessary appropriations.

General Marshall said that he would be immodest and say that no one in the history of the US had ever gotten as much money out of Congress as he. He said that he was thoroughly familiar with the difficulties of getting funds and mentioned the portion of our Congress which is isolationist, and another portion which is purely destructionist. The General pointed out that many of the latter group would try to kill the whole plan on the grounds that Germany was not participating. He impressed on them the great difficulty which would result in getting anything like the appropriations which were needed if we did not go through with the broad over all plan.

The Secretary then took over again and said that it seemed to him that some action was required next week. He pointed out that the French Parliament met on October 17 and that Mr. Moch could probably say no more at the Defense Ministers meeting on the 16th than he could say now. Mr. Shinwell asked Mr. Moch what would be done in the French Parliament. Mr. Moch replied that betting was against the Parliament supporting a decision in favor of participation by Germany. He said, however, that he thought there was a chance of getting a "package" sold to the Parliament.

The Secretary said that both he and the world had great confidence in both Mr. Schuman and Mr. Moch. He said that France and the world were quite lucky to have them in their positions of leadership.

Mr. Moch asked whether it was inherent in the US plan that German units be formed at the division level. He asked if it could not be handled with companies, battalions or some smaller units. He also asked

if it were possible to organize the German units to serve in some army of another country. He said he knew the Germans would not want to serve in the French Army, but thought they might be interested in serving in the US Army.

The Secretary said that the Foreign Legion idea was no good. He said that the German units must be throughly German units and not mere mercenaries. He referred the question of size of units to General Marshall.

General Marshall said that he could not answer this question but would have to study it. He said that the division was the most efficient unit from a purely military standpoint, and that he thought that sooner or later the organization would come to the division unit. He said that it might not be necessary to start with divisions and agreed to consider with the French the most practical way to handle this question.

Mr. Bevin asked if American troops would move to Europe before the matter of German participation was settled. The Secretary read the President's statement on the sending of troops to Europe.[2] He then said that we were going ahead on the assumption that Europe would do the sensible thing. He said that if the Europeans came over in October and said they would not do anything about German participation we would then have to review the whole thing. If they came over in October and said it was still unsettled and they did not know what they would do, we would also have to take another look into the whole problem.

After the meeting Mr. Bevin told Mr. Acheson that he did not think the French would do very much. The Secretary disagreed and said he felt the French would move ahead. Mr. Bevin asked what we would do if the French declined to agree on the German units and the Secretary replied that we would have to consider going ahead anyway. He told Mr. Bevin that the paper agreed this morning[3] permitted certain latitude and that a way might be found to accomplish the purpose. The Secretary said that he told Mr. Bevin the French should be given a sense of inevitability and that they should be pressed as much as possible.

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[2] Presumably a reference to the statement released by the White House on September 9; for the text, see Department of State *Bulletin*, September 18, 1950, p. 468, or *Public Papers of the Presidents: Harry S. Truman, 1950*, p. 626.

[3] Presumably a reference to the agreement on immediate measures on Germany, the text of which is in telegram Secto 45 from New York, September 23, scheduled for publication in volume IV. For related documentation, see pp. 1 ff.

During the meeting it was decided that General Marshall would arrange to postpone the meeting of the Defense Ministers until October 28 rather than have it on October 16 as previously scheduled. It was thought this might give more time for the French to get Parliamentary decisions, etc.

After the meeting also Mr. Moch enlarged somewhat on his mention of selling a "package" to his Parliament. He said that if he could be given definite information on what the US would give the French under the aid program, what troops would be coming over, etc., that this would be strong leverage for getting the Parliament to go along with the German units. Mr. Moch then said he would like to continue his plan to come over with Mr. Petsche the first of October even though the meeting of the Defense Ministers was now postponed until Oct. 28. He thought that going ahead with his plan to come here in early October might give him additional ammunition with which to deal with the Parliament on October 17. He mentioned this briefly to General Marshall. They agreed to consider it.

740.5/9–2350 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET NEW YORK, September 23, 1950—1:30 a. m.

Secto 42. Following tripartite meeting this afternoon [1] and at French request Acheson and Marshall met bilaterally with Schuman and Moch.

Moch made presentation of problems involving activation of ten new divisions by July 1, 1951.

[Here follow details concerning the French military budget of calendar year 1951.]

He pointed out that he must present his military budget by the end of October and that it must be voted before end of year.

American aid already promised and contemplated consisted of end items many of which could not be delivered in time for him to meet his deadline for ten new divisions. Yet it had been generally agreed during today's meetings that rapid activation of European divisions was essential.

[Here follows detailed comment by Moch on the amount of financial help needed by France to begin placing contracts for certain

[1] September 22.

defense weapons and to cover costs of basic infrastructure and essential raw materials.]

Acheson, while agreeing on urgency of solving French problem, said it raised many technical questions of both military and financial nature. For instance French military program must be approved by US military if US was to finance it. Secondly, US financial experts from various government agencies including Treasury and ECA must meet with French experts to clarify complex financial question. If both sets of experts agreed it might be possible to meet some of the French gap from already appropriated funds. It must be remembered, however, that most appropriated funds must be devoted to getting US military production pipeline going. It seemed that in order to finance rest of French financial gap we would have to go back to Congress. In order to lose no time, financial questions might be discussed by Petsche when he came here in early October.

Moch suggested that for military aspects he might join Petsche here about October 10 in advance of Defense Ministers' meeting.

Acheson thought that sets of both financial and military experts should meet prior to arrival of Petsche and Moch. There must be a real understanding on our side between Treasury, ECA, State and Defense as dollar financing of foreign budgetary deficits presented many real problems of an inflationary nature to US.

After further discussion in which Spofford pointed out that some of Moch's problems re production of twelve ton tanks and bazookas might be taken care of under HPPP, the following plan was tentatively adopted:

(1) The Nitze group [2] should continue its present work with special emphasis on these problems;

(2) About October 1, French military and financial experts should come to Washington for parallel bilateral discussions;

(3) About October 10 they would be joined by Moch and Petsche who would meet with Acheson, Marshall and Snyder [3] prior to meeting of Defense Ministers on October 16.

[Here follows a brief discussion of the Indochina question, which the Ministers agreed to continue in their next meeting, September 23.]

Department pass Paris. Sent Department Secto 42, repeated Paris unnumbered.

ACHESON

[2] Paul H. Nitze was Director of the Policy Planning Staff, Department of State. For a reference to discussions by Nitze, Alphand, and Franks in New York, see p. 386, footnote 1.

[3] John W. Snyder, Secretary of the Treasury.

611.51/10–2050

Memorandum of Conversation, by the Director of the Office of European Regional Affairs (Martin)

TOP SECRET [WASHINGTON,] October 13, 1950.

US-FRENCH MINISTERIAL TALKS
(First meeting, October 13, 1950)

Department of State
Secretary Acheson
Mr. Perkins [1]
Mr. Thorp [2]
Mr. Nitze
Mr. E. Martin [3]
Mr. Bell [4]
Mr. Byington [5]
Mr. Breithut [6]
Mr. Lacy [7]
Mr. White [8]
Mr. Glenn (interpreter)

Treasury Department
Secretary Snyder
Mr. W. Martin [9]

Department of Defense
Secretary Marshall
General Lemnitzer [10]
General Scott [11]
Colonel Beebe [12]

ECA
Mr. Foster
Mr. V. Cleveland [13]

White House
Mr. Gordon [14]

Embassy, Paris
Ambassador Bruce
Mr. Tomlinson

Ministry of Defense
Minister Moch
General Vernoux [15]
Colonel Lasalle
Colonel Gouraud
Major Alzien
Captain Aymard Duvernay
Captain Beret
Lt. Col. Barthelemy

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[1] George W. Perkins, Assistant Secretary of State for European Affairs.
[2] Willard L. Thorp, Assistant Secretary of State for Economic Affairs.
[3] Edwin M. Martin, Director of the Office of European Regional Affairs.
[4] John O. Bell, Assistant Director, Mutual Defense Assistance Program.
[5] Homer M. Byington, Jr., Director of the Office of Western European Affairs.
[6] Richard C. Breithut, designated as attaché to the American Embassy in the United Kingdom.
[7] William S. B. Lacy, Director of the Office of Philippine and Southeast Asian Affairs.
[8] Presumably Lincoln White, of the Office of the Special Assistant for Press Relations.
[9] William McChesney Martin, Jr., Assistant Secretary of the Treasury.
[10] Maj. Gen. Lyman L. Lemnitzer, Director of Foreign Military Assistance, Office of the Secretary of Defense.
[11] Maj. Gen. Stanley L. Scott, Office of the Secretary of Defense.
[12] Col. R. E. Beebe, of the Office of Foreign Military Affairs, Department of Defense.
[13] Harold Van Buren Cleveland, Chief of the France, Italy, Switzerland, and Portugal Branch, Program Coordination Division, Economic Cooperation Administration.
[14] Lincoln Gordon, economic adviser to the Special Assistant to the President.
[15] Maj. Gen. Vernoux, Chief of Staff of the Combined Staff, French Ministry of National Defense.

Ministry of Finance
Minister Petsche
M. Filippi [16]
M. Goetze [17]
M. B. de Margerie [18]
M. Denis
M. C. de Margerie [*sic*]

Foreign Office
Ambassador Alphand [19]

French Embassy
Ambassador Bonnet
M. Daridan [20]
M. Schweitzer [21]
M. C. de Margerie [22]
M. Baube [23]

Minister Moch outlined the French 20-division battle force program already known to us and the corresponding military budget (610 billion francs for Metropolitan France).

Regarding Indochina, he was careful to point out that the proposed budget (208.5 billion francs for Indochina; 31.5 billion for other overseas French territories) had been drafted before the recent turn for the worse in Tonkin. He pointed out that the French must face, in addition to guerillas as in the past, 50 fully-equipped modern infantry battalions, equipped with liberal amounts of artillery and mortars. Consequently, reservations are necessary concerning possible adjustments in the Indochina budget, depending upon the course of events.

Regarding the French military equipment program, M. Moch said that it was based on French assumptions concerning the delivery of MDAP end-items, with a view to procuring the balance in France. He gave four reasons justifying manufacture in France:

1. Because of the lagging rate of MDAP deliveries, one division must be equipped out of French production if the ten-division target is to be attained by the end of 1951. According to the Moch projection, MDAP deliveries would provide the following pattern for French battle forces: 10 divisions by the end of 1951; 11 or 12 by the end of 1952; 18 or 20 by the end of 1953. He stressed the great importance of the time factor, entailing a speedup so as to permit increased deliveries during 1952.
2. The French program in no way duplicates the US end-item program.
3. The French Government is unable to accept the additional burden of unpopularity resulting from unemployment over and above the unpopularity stemming from any rearmament program.

[16] Jean Filippi, Directeur du Cabinet, French Ministry of Finance and Economic Affairs.
[17] Roger Goetze, Director of Budget, *ibid.*
[18] Bernard de Margerie, of the French Inter-Ministerial Committee for European Economic Cooperation.
[19] Hervé Alphand, Director General of Economic, Financial, and Technical Affairs, French Ministry for Foreign Affairs.
[20] Jean Daridan, Counselor of the French Embassy.
[21] Pierre Paul Schweitzer, Financial Attaché of the French Embassy.
[22] Christian de Margerie, Counselor of the French Embassy.
[23] Jean Baube, Counselor of the French Embassy.

4. France, although definitely lagging in such fields as electronics and atomic research, nevertheless believes that it has developed items of equipment comparing favorably with the product of research of other nations (i.e. bazookas, 12-ton tank, very fast all-terrain reconnaissance vehicles. M. Moch said that the new 50-ton tank is superior to the British Centurion and equivalent in power to the Soviet Stalin type).

Minister Moch said that the rearmament program is well within the economic capacity of France, and that it would not even absorb the 15 percent slack represented by the present slump from 1949 peak production.

M. Moch then discussed the difficulties in providing France with needed assistance of 270 billion francs, in the form of matériel, machine-tools, POL, etc., which can be supplied under the present MDAP in an amount only one-seventh of the total requirement. He emphasized that urgency be placed on the solution of this problem as well as of the transfer question, if France is to be able to place 10 divisions in the field by the end of 1951.

In concluding his opening statement, M. Moch reviewed the full scope of the French effort since Korea (Army reorganization, initiation of military production, steps to increase the length of military service, new organization for territorial defense, and rearmament program) and injected a personal note as to his hard role, in which, after heavy post-Liberation reconstruction responsibilities, he found himself Minister of the Interior at the time of the revolutionary strikes in 1947, and now has been called upon to undertake similar efforts in the French military field. In facing this job, he said that he placed top priority on shipments of matériel to Indochina, in view of the critical situation there.

Secretary Marshall said that there did not appear to be disagreement concerning the French air program. With regard to the navy program, he said that there is slight disagreement over types of planes included in the program (the French should economize by making only antisubmarine carrier-based aircraft and delete the fighter aircraft). He expressed his opinion that steps should be taken immediately to assure the French 20-division program without, however, wanting to commit himself to this as a final program, pending the Defense Committee meeting on October 28. Regarding French-manufactured equipment, General Marshall recommended a gradual approach, with a US commitment to assist production of the full amounts only after adequate tests of prototypes, and in particular, field tests of the new French Tank Destroyer Division before proceeding with commitments to establish all seven of them.

Turning to Indochina, General Marshall expressed full understanding of the French dilemma. Referring to the French request for B–26 aircraft, he pointed to our difficult choice since planes could come only from the fighting forces, the Korea pipeline, or from US defense units. He asked clarification of the role of the 40 Hellcats (F–6–F) to be delivered late in October, in relation to the request for B–26 aircraft.

M. Moch replied that medium bombers are especially needed to combat new large and well-armed Vietminh formations for which Hellcats are too lightly armed. He said that the Hellcats would not add strength, [but would only replace two groups of P–63 aircraft which] would be cannibalized to provide spare parts to keep the other two P–63 groups flying. Mr. Moch specified that should B–26 aircraft not be available, B–25's would be welcome. General Marshall announced that B–25's are now retired, and are serving only as transports, but that he would look into the matter urgently.

Referring to the ground forces program, General Lemnitzer pointed out that merely with deliveries under present 1950 and 1951 MDA Programs, the French should be able to equip most substantially if not completely the 10 divisions planned for the end of 1951, and would receive much more than enough for training requirements. He pointed to the possibility of meeting any essential deficits from future programs. He urged that where deficits exist in the French forces, absolute priority be given to first-line combat units. Regarding the air program, he said that the proportions between air defense and tactical units appears satisfactory; he recommended no reduction and added that should the French find any reduction to be necessary, the air defense category should be cut rather than the tactical.

General Marshall then referred to the considerable increase in the French budget for expenditures for Indochina, especially in light of the fact that all the matériel for Indochina is coming from MDAP grant sources. M. Moch pointed out that while the apparent increase was 100 billion francs, the real increase was only 28 billion, broken down as follows: 10 billion for increases in pay scales, 11 billion to support additional forces in the armies of the Associated States, and 7 billion for essential military public works. Minister Petsche clarified the figures by pointing out that the initial 1950 budget of 140 billion for Indochina should be increased by the current request for a deficiency appropriation of 25 billion, plus a debit balance in the French Treasury account for the Associated States amounting to 35 billion francs.

M. Moch pleaded that no mere matter of accounting be permitted to delay the aid so urgently needed. He pointed out that equipment for 18 new Vietnam battalions and for 40,000 auxiliary troops in

the armies of the Associated States is separate from and in addition to the earlier request for matériel for 12 native battalions. He emphasized the necessity to build up forces by pointing out that after the recent loss of five French battalions, France had only 30 or 31 left, of which 24 or 25 are required to garrison posts in pacified areas, leaving an effective mobile force of only 5 or 6 battalions.

Summing up the status of requests for Indochina, M. Moch pointed out that the French had prepared between March and September 1950, sixteen difference [*sic*] matériel lists, in an order of decreasing priority, and that only the first three lists had been or were about to be delivered. He urged delivery of the three following lists (D, E and F) as well as a speed-up in the completion of deliveries under list A, B and C.

General Marshall then sought fully to clarify what, if anything (apart from equipment for 18 native battalions, 40,000 auxiliaries and B–26 aircraft mentioned during the meeting) had been requested by France and turned down by the US. M. Moch said that there had been only one turndown, with which he, in fact, agreed. He said that there is, however, a large area where no action has yet been taken one way or another. He urged especially for prompt action with regard to landing craft, which are particularly well-suited for operation in the shallow rivers of Indochina.

To keep the record entirely clear, Minister Petsche recalled the request of M. Schuman for financial aid for Indochina, to which no answer has yet been given.

Secretary Marshall said that 90 percent of the agreed French requests (lists A, B and C) are now delivered and that the balance would be forthcoming soon. All other requests have been consolidated for the Erskine–Melby Mission [24] and may amount roughly to something like $330 million. The screening is nearly completed and discussions should begin soon with the French. General Marshall pointed out that the above total is greater than all the funds at our disposal for this part of the Far East. Consequently, the additional requests formulated this morning are difficult to handle. He suggested that an order of priority for all matériel requested be established by the French staff and General Brink,[25] acting together in Saigon.

M. Moch said that he had just received a telegram from General Carpentier called for the immediate despatch of six battalions, and

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[24] Reference is to the joint Mutual Defense Assistance Program Survey Mission to Southeast Asia headed by John F. Melby (special assistant to Dean Rusk, Assistant Secretary of State for Far Eastern Affairs) and Maj. Gen. Graves B. Erskine, Commanding General of the First Marine Division. For the press release announcing the dispatch of the Mission, July 5, 1950, and other documentation on its work and recommendations, see vol. VI, pp. 1 ff.

[25] Brig. Gen. Francis G. Brink, USA, was Chief, Military Assistance Advisory Group, Indochina.

that he was sending an answer to the effect that a paratroop battalion would leave during November 1–15, a Foreign Legion battalion around December 1, and three other battalions during December. In addition, 1,100 French officers and NCO's would be sent as cadres and instructors for new Vietnam units. He emphasized the possible effects of such necessary measures on the military program for Metropolitan France.

611.51/10–2050

Memorandum of Conversation, by Mr. Edgar J. Beigel of the Office of Western European Affairs

TOP SECRET [WASHINGTON,] October 13, 1950.

US-FRENCH MINISTERIAL TALKS
(Second meeting, October 13, 1950)

[Here follows list of persons present—the same as at the first meeting, with the addition of Mr. Beigel.]

Secretary Acheson summarized as follows the problem of matériel supply for Indochina from existing funds:

1. The A, B and C lists have been approved and much of the matériel requested has been delivered or is in the process of delivery.
2. The remaining lists which have been submitted exclude matériel for the Vietnam National Army, and the funds presently available are insufficient to provide such matériel in addition to that already requested for Indochina. It is therefore necessary to review the lists in order to insure that they provide matériel required for 18 battalions for the V.N.A., since any further requests must be met out of future appropriations. French representatives should meet promptly with the Defense Department to work out the consolidation.

Secretary Marshall said that as rapidly as the French determine priorities, including those for the 18 additional native battalions and the 40,000 territorials for the V.N.A., the Defense Department will screen the requests and proceed with the supply program. General Marshall emphasized that the French must screen their requests themselves as carefully and as realistically as possible in view of the overall short supply of matériel. He felt strongly that the French should arrange that requests submitted by the field commander in Indochina be assigned first and second priorities, so that maximum benefit may derive from proper consignment of matériel available.

With regard to the French request for light bombardment aviation, Secretary Marshall explained that B–25 aircraft are mostly being used as transports or in mothballs and that personnel cannot be spared to ready them for combat. He said that he will therefore issue instructions that one squadron of B–26 aircraft (15 and 5 reserves)

plus necessary spare parts be diverted from the Korean pipeline to Indochina, for delivery December 1–15, or earlier. He said that consideration will be given to diversion of a second light bombardment squadron, depending upon the course of operations in Korea.

Secretary Marshall said that a French vessel left Hawaii on September 30 bound for Indochina, carrying 24 landing craft, including six LS/SL.

Minister Moch expressed his deep appreciation for the US decision with regard to B–26 aircraft and said that he would immediately inform General Carpentier and Premier Pleven of the decision. He said that to avoid confusion he wished to point out that the matériel necessary for the formation of 18 additional native battalions in Indochina is in addition to the matériel requested for the first 12 battalions. He said that the requirements for matériel for the 18 battalions is of a lower priority than the matériel on lists D, E and F, since the latter matériel is intended for units already in combat. He said that the French delegation will meet with the Defense Department on Saturday [1] to deal with this matter.

Secretary Acheson said that the US wishes to provide matériel for the 18 additional battalions out of existing appropriations, and that the military staffs should therefore undertake to incorporate the matériel requirements for these additional native forces into the French lists that have already been submitted.

Minister Petsche said that he wished to associate himself with M. Moch in expressing his appreciation to Secretary Marshall for the assignment of B–26 aircraft to Indochina. He said that the statement of Secretary Marshall with regard to the optimum use of available matériel underlines the objectives of the French Government, which are to avoid waste in the use of funds devoted to armament, particularly by avoiding duplication among the various branches of service and among the various participating countries. He said that with this objective, the French Government has put forward its proposals for a common high command, which is about to be realized, a common production authority and a common budget. This last device is intended to insure an equitable distribution of the financial burden of rearmament so that each participating country may avoid a disproportionate degree of inflation arising from the joint defense effort.

M. Petsche said that he did not now intend to discuss such matters as the common budget and other multilateral controls, except to emphasize the undesirable consequences arising from an inflation induced by increased military expenditures and by rising prices for raw materials. M. Petsche said that these questions would be discussed

[1] October 14.

later. At this time, he said, he wished to take up the problem of immediate aid which France feels essential (1) to place orders as soon as possible under the military production program for 1951, and (2) to prepare the presentation of the 1951 budget to Parliament. He recalled that the 1951 military budget is estimated at 850 billion francs ($2.4 billion), or 975 billion ($2.8 billion) by NATO standards.

M. Petsche said that even before Korea, France had been able to maintain financial stability and progress toward economic convalescence only with ERP assistance coupled with continued sacrifices by the French people. He said that in 1951 the Treasury problem will become even more acute in view of the decline in counterpart accumulation by as much as 150 billion francs (from 250 to 100) and in view of the increased expenditure necessary to service the public debt. He said that the civil budget for 1951 will be brought partly into balance only by reducing the investment program, by realizing 50 billion in civil budget economies, and by increasing taxes.

At the same time the Treasury must find 430 billion in additional resources for military expenditures, since the military budget for 1951 represents a doubling of the present rate of military expenditures, which already represent 12 percent of French national income, or 15 percent by NATO standards. M. Petsche proposed that taxes would be further increased to an estimated limit of 200 billion francs, and that another 80 billion would be realized through additional budget economies. These economies would be realized primarily in the reconstruction sector, and would in effect oblige 75,000 families to remain in provisional and inadequate housing accommodations. With regard to the tax increases, M. Petsche said that they would rise to the maximum burden believed possible, and will take up an even greater proportion of national income than the present 34 percent.

Minister Petsche said that unorthodox Treasury devices will again be necessary to cover 420 of the 690 billion budget gap. He said that savings have not recovered to the prewar level and that it is almost impossible to float any but short-term loans, and that in 1950 about half of the 320 billion increase in public debt was achieved through inflationary borrowing. He said that in 1951 the French Government will probably reach the limit of such borrowing which is possible without creating serious inflationary pressures. In 1951, moreover, the situation appears likely to be the reverse of the deflationary environment of 1950, when extensive inflationary borrowing was possible. M. Petsche said that even after the estimated limit of borrowing will be reached, there will still remain a gap of 270 billion francs, which must be covered by external assistance if France is to avoid

the danger of destroying the economic and financial recovery achieved thus far.

Minister Petsche said that France needs reassurance at the outset of her rearmament program, and that the US is already providing such reassurance through the provision of MDAP assistance to France. In his view, however, the present legislative authority is inadequate to satisfy all possible requirements for expenditure under the MDA Program and he suggested that certain legislative adjustments may be necessary. M. Petsche concluded by saying that if serious inflation in France becomes unavoidable, all prices will rise, including military costs, and the result will be to render impossible the fulfillment of the 1951 military program. He said that any serious increase in the wage-price spiral would help only the internal enemies of France, and would in effect be as serious as an external defeat.

Secretary Snyder said that he was acutely aware of the urgency of the military problem in Indochina, as well as the problem of the longer-range French defense program. He said that the problems outlined by Minister Petsche are strikingly similar to his own, particularly their mutual concern over the problem of inflation. He said that US plans for peaceful economic expansion as well as our hopes for a balanced budget have all been upset by the well-timed strategic attack in Korea. He said that during the past several years the US has willingly given extensive foreign assistance but only with discomfort, and the provision of recent supplementary military assistance funds has required an increase in US tax rates; and that still higher taxes will be requested when the Congress reconvenes.

Secretary Snyder emphasized that the US is also presently threatened with acute inflationary pressures and must carefully scrutinize any figures submitted to support a request for further financial assistance to France. He suggested that since additional documentation has only just arrived from Paris, a further report should be received from the joint technical staffs, particularly since the US staff feels that the French estimated budget deficit may be subject to further reduction.

Minister Petsche said that from the balance of payments data which has just arrived, he can quote one impressive figure: the launching of a rearmament program will induce an overall French franc area balance-of-payments deficit in excess of 380 billion francs ($1.1 billion) in 1951.

Mr. Bell explained certain US preoccupations with the French projected military production program. He said his comments were to be taken as incomplete and tentative and as related only to major production items. He said that no consideration has been given to the

military acceptability of the items which the French propose to produce, since that is properly a function of the MPSB. He said that the US is concerned about the phasing of French production, that from US experience the French projected production schedules appear unduly optimistic. Mr. Bell said that it is our understanding that the French program is based on the assumption that necessary funds will be available by November 1 and that production will begin by January 1.

With regard to naval vessels, the French production program, from the point of view of timing, appears reasonable. Production of naval aircraft appears to require engines from abroad, and production of at least half the air items appear to require imports of machine-tools as well as extensive plant modernization. He said that two naval aircraft, the interceptor aircraft, and a good many of the army items, according to our information, are only in prototype and not in production. He concluded that it would consequently be difficult to spend funds as rapidly as the French have anticipated.

Secretary Marshall said that he wished to clarify any possible confusion which may exist between budgets, fiscal years, and plans for the defense of Western Europe. He said that it is to our advantage not to commit more funds than can be used during the coming year. He said that if the French request for assistance exceeds the French capacity to use funds during 1951, then that is an important consideration, but that such a factor should not be confused with the French long-term program covering the period up to 1954, the fulfillment of which is essential if we are to provide an adequate defense for Western Europe. General Marshall emphasized that we are not only concerned about the 10 divisions to be mounted in 1951, but are also concerned about the funds necessary in 1951 for material which will be completed in 1952 or 1953.

Minister Moch, in reply to Mr. Bell, said that in general the French military production program will take up about 10 percent of French capacity in the steel and aluminum industries and will consume about one day's production of electricity per month. Steel requirements, for example, will only amount to the difference (1.5 million tons) between the present annual rate and the peak 1949 rate of steel production. He said the program will consume a similar proportion of French output of less important materials. He said the Standing Group has not yet passed judgment on any of the items in the French program, but that he has reason to believe that it will accept the items included in the French HPPP, for which production assistance is now requested. He said that the entire program could proceed without US assistance, but that US machine-tools in particular have been requested in order to

modernize production plants, and that certain special machine-tools are made only in the US.

With regard to interceptor aircraft, M. Moch said that production is under way but could be accelerated with US aid; that it is his hope to accelerate production as rapidly as possible, and not only in view of the long-term program. He said that orders have been placed for 240 Vampire aircraft and 150 Marcel Dassault (MD–450) aircraft. The latter aircraft appear to be superior to the Vampire, and the order will be increased to 750 as soon as the financial resources are available. All prototype tests have been concluded on this aircraft and it is now in mass-production. He said that no prototype has been developed for the carrier-based anti-submarine aircraft, but that production of this aircraft is not contemplated until the end of 1952. With regard to the land-based anti-submarine aircraft, the Breguet 764, M. Moch said that production will require US engines.

M. Moch said that orders have been placed for 135 12-ton tanks and that four production lines are in operation, that three production lines are producing an initial order of 280 armored reconnaissance cars, and that the scheduled production of both items is intended to be completed by next July 14. In addition, he said, orders have been placed for 4,000 modernized jeeps, 20,000 bazookas, and several hundred thousand anti-tank mines.

Minister Moch said that France has obviously passed the prototype stage for these production items. He said that France can get into production more rapidly than the US because French production lines employ considerably less new machine-tools, but that over a longer period the acceleration of French production is considerably slower than US production. For that reason, France has requested US machine-tools in order to modernize her production lines. He emphasized that he prefers to accelerate production as rapidly as possible in 1951 rather than later, and that the program as presented is technically less than France is capable of producing in 1951. He said that with additional machine-tool assistance in particular, even the proposed program could be surpassed, particularly in view of the small proportion of French total production capacity that the present program will take up.

Secretary Acheson said that the US is concerned about the French budget deficit which is roughly of the same magnitude as the French military production program. He said that we doubt whether the proposed 1951 production program can be fulfilled during 1951, and that to the extent that it is not, the French Treasury deficit should be reduced. He said that his doubt is equally shared by Secretary Snyder and by Mr. Foster, even after taking into account the ability of France to get into production rapidly.

Mr. Foster emphasized that the question is one of timing of expenditures and not the size of the program. He said that this problem is particularly important from the Congressional point of view.

Mr. Martin (State) said that in looking at the non-military parts of the French budget estimates, we have been equally concerned about the inflationary impact of a budget deficit. He said that capital expenditures are estimated at 860 billion francs, for public works, war damage reconstruction, and investments. With regard to the investments sector, he said that we understand that the French intention is to continue only work in progress as well as to slow down the rate of expenditure on such work. He said that since the military construction program is likely to force building materials into short supply in France, there may be reason for a further scaling-down of such expenditures. Mr. Martin said that we nevertheless favor the proposed expenditure of 35 billion on low-cost housing, and would hope that for the purposes of public morale such expenditures could in fact be increased.

Minister Petsche said that with regard to housing, no new construction is to be initiated but that work in progress is to be completed. He said that it is politically impossible to suspend any construction that is already under way, and that any further cut in the reconstruction budget would run the risk of a ministerial crisis. He said that all investments have been reduced except those necessary to break production bottlenecks, particularly expenditures on increased power capacity which is related to the military production program. He said that during the visit of Minister Moch to the Defense Department yesterday it was suggested that certain transfers may be possible: that US orders may be placed in French merchant shipyards, which could then cancel similar French orders without running the risk of increasing unemployment in this politically vulnerable industry.

Mr. Martin said that on the receipts side of the French budget estimates, insufficient allowance may have been made for additional receipts arising from higher prices and increased economic activity during 1951, even after considering that increased prices will cause an increased rate of expenditure which may tend to cancel out receipts arising from increased activity. He said that we feel that overall receipts may have been underestimated by some indeterminate amount. He also suggested that receipts from the proposed new taxes may be less than we all should like to see them.

Minister Petsche said that during the past two years US experts have been telling him that his projections of budgetary receipts have been consistently overestimated, but that experience has substantiated the accuracy of the projections. He said that in projecting only a 5 percent increase in receipts he wished to be prudent, and that the pro-

jection represents a net increase after taking into account an increased rate of expenditure. He said that after the experts have had an opportunity to consider the French national accounts and balance of payments projections, which have just arrived from Paris, he would be happy to discuss the budgetary accounts with Mr. Martin, particularly the problem of private savings.

Secretary Acheson said that General Marshall will have more specific answers to certain of the military questions by Monday. He said that the experts should continue their examinations of the French financial presentation over the weekend, so that the next ministerial meeting may consider both the military and non-military budget problems, leaving the long-run matters for later talks. The Ministers adjourned after agreeing upon a draft release for the press.[2]

[2] Not printed.

740.5/10–1650 : Memorandum

The Director of the Bureau of German Affairs, Department of State (Byroade) to the Secretary of Defense (Marshall)

TOP SECRET [WASHINGTON,] October 16, 1950.

GENERAL MARSHALL: Mr. Acheson requested that I prepare and send directly to you a paper along the lines of the attached for possible use in preparation for your meeting with Mr. Moch at 12:15 today. It is my understanding that the Secretary discussed this subject briefly with you on Friday by telephone.

HENRY A. BYROADE

[Attachment]

BRIEFING PAPER FOR SECRETARY MARSHALL
(Meeting With French Defense Minister on Oct. 16, 1950)

Moch is apparently calling upon you to discuss the question of the meeting of personal representatives of the Defense Ministers scheduled to start in Washington this week. We believe that he is prepared to agree that a French representative should attend these meetings but that he would like to discuss the matter with you first and perhaps receive certain assurances from you. He will probably wish assurance that we will not press for a decision on the German question in this meeting of the Defense Deputies.

Such an assurance can be of course readily given. In addition, Moch should be told the general purpose of the meetings. The Ministers' agenda is crowded and the time set for the meeting is short. It is only

sensible staff procedure to have qualified representatives go over the papers and arrange the work for the Ministers in an orderly fashion. The meetings seem nothing to be excited about and the French representative will not be pressed to make decisions for his government. They will give opportunity for the representatives to become familiar with the thinking of the other nations and allow them to acquaint their Ministers and governments of this thinking before the Ministers meet. We consider this most important and remember the confusion caused by the French objection to our informing the other nations of our thinking before the last Council meeting. This had resulted in criticism of the United States and it also complicated the discussion in the Council. A similar situation should not arise in the Defense Committee Meeting.

We believe it would be well if you take advantage of the meeting to have a frank discussion with Moch about the German question. Moch is apparently becoming more and more bitter on this issue and determined to fight it even to the extent of resignation from the Cabinet. In working himself into this state of mind he has apparently become complacent about the Russian threat and espouses the real danger as being Germany. He frequently states that the Russian threat is only in the form of psychological warfare.

In this situation you might turn the conversation towards (1) a general discussion of the safeguards which we consider can be obtained if we attempt to secure German participation *now*, and (2) a statement of your views as to the present military situation in Europe, the danger of the Russian threat, and the possible limited time in which to prepare. The purpose of this approach would be to reassure Moch on the question of German units and at the same time, by laying the rather terrifying military situation on the line *in a most forceful manner*, to convince him that the situation is such that he cannot, as Defense Minister, oppose available assistance in the defense of his country.

There is attached hereto a list of the safeguards referred to above. The substance of these are in general agreed by State and JCS. We believe that it may be possible to work out additional safeguards in Germany. To refresh your memory there is also attached certain data pertaining to the military situation in Europe.

The following additional thoughts (which do not logically fall within the scope of the above annexes) might be effective:

(*a*) This is not entirely a military force problem. The political implications may be even more important. The addition of German units to the military strength of the West can be no more important than securing German alliance to the West in a definitive manner. We would like to see Germany stand up and be counted with the West. We simply cannot afford to follow a course of hesitation that could lead to German neutrality or even worse.

(*b*) The French wish the defense line moved as far to the east of their territory as possible. Do they ask us to commit ourselves to the defense of such a line and not take action to insure the support of the people of that area or to obtain advance commitment of the government of that area to allow us to be assured of active participation and proportional sacrifices? The French have provided no practical answer to this question. Certainly they do not wish the utilization of manpower in a military manner outside the integrated force and under German authority. Yet they must know that the only suggestions they have made (labor units, etc.) have such an obvious degree of unequality as to be unacceptable to the German Government and not win the active support of the German people. How do they propose that the defense line and possible fighting be moved beyond French soil?

(*c*) History has certainly proven that the German people can accept a sense of mission. We believe this still to be the case and that the German industrialists would, in general, accept the cause of the defense of Western Europe as being over-riding if they are given a sense of responsibility by seeing their country have a dignified role in the defense effort. Without such a sense of responsibility the West cannot benefit fully by Germany's industrial potential and her industrialists will certainly take advantage of the heavy burden on other economies to regain, without normal competition, her peacetime markets.

[Annex 1]

Safeguards in Provision of German Units

The Basic Safeguards:—

(*a*) German units would at no time be under the authority and command of the German Federal Republic;

(*b*) German units would be dependent upon Western nations for vital and heavy items of equipment, including munitions therefor and essential spare parts;

(*c*) Under this arrangement there need be no general staff as such in Germany but merely an administrative and logistical agency.

Additional Safeguards:—

(*a*) The maximum number of German units can be controlled by NATO. This could be done by fixing (1) an arbitrary maximum number, or sliding scale increase schedule; (2) an arbitrary ratio of the number of German units in comparison with Allied Divisions available for the defense of Western Europe. If the French wish, it might be possible to arrive in addition at a satisfactory proportion between German and French units;

(*b*) As a practical matter, German units will start out far behind French units and always remain in lesser proportion. The fact that there are no preparations in Germany, and the equipment problem itself, makes this a practical fact;

(*c*) The head of the Federal Agency in Germany could be a carefully selected civilian and steps could be taken to insure the democratic

implementation of such limited prerogatives as the Germans would have in the defense field;

(*d*) The Occupying Powers would retain general supervision over officer recruitment and be extremely careful about reliance upon Germany's old officer class. A great deal could be done now to influence the future German officer corps;

(*e*) There would remain Prohibited and Limited Industries in Germany and a Military Security Board to exercise continued military control. Certain changes in these agreements would be necessary but Germany would be restricted to the contribution of ground units and prohibited from making vital military equipment.

The above and perhaps additional safeguards can be obtained if we act now. As time proceeds, it is a certainty that Germany would demand more and more a status of full equality in connection with the provision armed units. There is today in Germany a spirit for European integration which has been greatly aided by the efforts of the French. We desire to take advantage of this situa[tion . . .].[1]

[Annex 2]

Our intelligence sources inform us—

Soviet forces are in an advanced state of readiness for war and could initiate offensive operations without warning.

They could at any time seize and occupy Western Germany east of the Rhine, the North Sea ports, and the Low Countries.

With limited preparation and troop movement indicative of such intention, they could initiate an attack to overrun the entire continent of Europe, initially excluding the United Kingdom and the Iberian Peninsula.

The total USSR armed forces are more than 4,000,000 men and probably could be increased to 10,000,000 men in 30 days.

Over half the Soviet Army of 2,500,000 ground troops is stationed in the Western part of the USSR, Germany, and the Satellites.

The Soviet troop strength is increased by more than 600,000 men of the European Satellite armies under Soviet control.

We know that the Soviet Air Force has been developing strategic striking force and building up jet fighter units.

We know that the Soviet Navy has been emphasizing submarine warfare.

The above situation, coupled with the known long-range objectives of the Kremlin, have produced a situation which has convinced all our countries that we must sacrifice for our own security and do so quickly while we still have the shield of decided atomic superiority. The stated intentions of the French have indicated that they are fully aware of

[1] Parts of several lines are missing from the source text.

this danger. Let us not minimize this danger in arguing a cause against German units or delude ourselves into thinking that the real danger is from Germany. The nature of Germany's last defeat and the evolution of world affairs indicates that Germany can in the future be a military threat only if aligned with a major power or powers against us. The day has gone where Germany unaided could threaten the peace of the world. Let us make sure that Germany adds her weight to our side and that the Ruhr and German skill is not aligned against us.

We cannot ignore the steps being taken in the Soviet zone of Germany and elsewhere on the basis that these are moves in the psychological war of nerves. We can only assume in our planning that the following steps in Germany are indicative of greater intentions:

Airfield reconstruction accelerated. In at least seven locations long runways are being built; hangar space is being expanded; 356 swept wing jet fighters are already there.
Increased stockpiling of automotive aviation fuel. Controls are being tightened; civilian gasoline allotments have decreased notably.
Increasing stockpiling of all types of engines and replacement parts.
Intensified replacement military equipment with latest types.
Locomotives and freight cars in Soviet zone being prepared to meet any future wartime requirements. Preparations are being made to fit box cars with seats to hold maximum number of men. Bridges are being strengthened. Accelerated work being done on strategic railroad lines.
Bereitschaften training has been extended; concentration on officer type training indicates this force of cadre type for quick expansion.
Underground radio and communication centers being developed for tie-in with similar preparations throughout Satellite area.

740.5/10–1650

Memorandum of Conversation, by Colonel R. E. Beebe of the Office of Foreign Military Affairs, Department of Defense [1]

TOP SECRET WASHINGTON, 16 October 1950.

Subject. Visit of French Minister of Defense with the Secretary of Defense

Participants: Secretary Marshall
M. Jules Moch, French Minister of Defense
Colonel R. E. Beebe

Summation: M. Moch's basic points were: Russia would not take aggressive action but would push her "peace offensive"; Germany

[1] Copies were made available to M. Moch and to Secretary of State Acheson.

would, as always, side with the strongest force; German units could not be relied upon to defend the West; the mechanics of French politics is a 10 to 1 ratio against the rearmament of Germany; a defense line west of the Rhine is unacceptable to France; there is a need for delay and further study on the German issue. General Marshall's basic points were: We cannot afford to delay an agreement on German participation in European defenses; from the U.S. political point of view, we must reach a decision at the forthcoming October 28 Defense Committee meeting; the Russian threat is dual, either the long-range war of attrition or the always possible sudden move of military aggressive action; present indications are of a build up of Russian strength in all sectors. France must propose a practical alternative solution if the U.S. proposal is not accepted. The U.S. does not expect a simple yes or no answer but must take practical steps to include Germany in a defense plan.

1. The conversation opened by M. Moch questioning General Marshall on the idea of a meeting of the personal representatives of the Defense Ministers on October 18.[2] After an explanation by the General as to its possibility and suggesting that it was to the advantage of France to participate, M. Moch said he had obtained the services of Bonnet and Major General Vernoux as representatives. It was agreed that French representatives would not be required to comment on the German issue unless they so desired. The General emphasized that in his previous experience the Defense Ministers would not be able to conclude their important duties in a short period of time unless these preliminary conversations were undertaken.

2. M. Moch indicated his interest in extending his technical visit, presently scheduled for October 31–November 2, to include demonstrations of rocket developments. The General indicated that this could be arranged. M. Moch said he would not be certain of his schedule until October 28 but it was agreed that tentative plans for this would be made.

3. M. Moch invited a group of American technicians to visit France to inspect military weapons, particularly in the field of bazookas, 12 and 50 ton tanks, field artillery, etc. General Marshall expressed his interest in this and said he would communicate with him further. He said that French technical developments are sometimes in advance of American efforts, particularly in the automotive field. The strength of the U.S. lies in her ability to mass produce weapons after they have passed the proto-type stage.

4. The General undertook to acquaint M. Moch with his personal estimate of the world-wide military situation. It was understood that the information was for M. Moch's personal use and was not intended to be officially conveyed to the French Government.

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[2] For documentation on this meeting, see telegram 2264 to Paris, October 29, p. 415.

The continuing pressure by the USSR was discussed and the example of Korea analyzed. The General was concerned that the number of troops concentrated in Korea prior to hostilities with our full realization could be repeated elsewhere. The threat of Russian large-scale airborne operations was increasing and made the situation extremely difficult. It is possible for the USSR to move effectively in two or three directions at the same time. He expressed the belief that if the Russians were to continue a war of attrition, a war of nerves, that it would be to our advantage and not Russia's. On the other hand, a sudden decision for military action would be to our disadvantage.

The General expressed, very confidentially, the present thinking of the JCS and himself on the use of U.S. divisions, now in Korea, for duty in Europe and the measures to be taken if that was to be done. M. Moch agreed that the question of providing shelter in Europe for additional troops was a serious one. It was agreed that these problems were pressing and an approach to a solution should be begun at once.

The General reviewed the position of the French and British Governments in the present international circumstances. It was emphasized that unity of the North Atlantic Treaty nations was essential although sometimes difficult of achievement. M. Moch interrupted to say that he well understood the major difficulty was on the question of the French viewpoint on Germany. The General went on to point out that all desired the main defensive line to be as far East as possible. How was this to be done? One of the great dangers, he pointed out, was the over-population of Germany and Japan. The strain on U.S. resources in this regard is large and must come to an end at the earliest possible time. M. Moch believed this was one of the prices of victory, but the General pointed out that the lack of resources in these countries and the present over-population may well drive them to a breaking point and force them to action. If Germany were to turn to the East this would indeed be bad for France. The U.S. cannot go on sending funds to Germany indefinitely. The wheels of progress have begun turning and the Schuman Plan should be of great assistance, nevertheless the situation was explosive.

The General turned to plans for defense of Europe. How would it be possible to advance their defense line eastward without Germany? M. Moch asked the General's opinion of the total division strength required. He was informed that something on the order of 70 to 90 divisions throughout NATO might be required. M. Moch did not believe this feasible to maintain in peacetime and suggested that 50 divisions might be enough. The General replied how else other than the maintenance of a large number of divisions could we be prepared for conflict? He expressed the belief that 50 divisions could not ad-

vance the defense line eastward but would in fact be west of the Rhine or further westward. M. Moch remarked that France could not accept such a defensive scheme and would prefer an understanding with the Soviets as an alternative.

After further discussion of the German rearmament problem M. Moch indicated that the problem of the French Government was, as Ambassador Bruce put it, to say neither "yes" nor "no" in order not to say "no". The General sympathized with the French difficulties but pointed out our own problems. He felt that he must face Congress beginning November 20. The German question was on everybody's mind and unless practical steps had been taken it would be difficult to secure additional funds for European aid. There was complete agreement by both that the whole situation was extremely difficult. It was apparent that M. Moch dreaded the situation confronting him.

M. Moch analyzed the fighting capabilities of the Germans and their tendency to side with the force displaying the greatest military strength. He was very frank in his skepticism and went on to suggest that Germany would not remain loyal to the West if the military situation were in favor of the Russians.

M. Moch is to see Pleven immediately on his return to Paris. He believes, at the moment, that if the French are to say "yes" or "no" on the German question on October 28, the answer will be "no". He agrees that this is tragic but he believes that there is a 10 to 1 majority within the National Assembly in the decision against German rearmament.

General Marshall reiterated his insistence that the French must be consistent and logical. If the French Government were unable to agree with the majority of NAT nations on Germany, then some practical alternative must be reached. General Marshall was doubtful as to what future alternative courses might be. M. Moch expressed the belief that should hostilities be undertaken by the East German Police Force that West Germany would not fight their brothers. The General was in disagreement and pointed out that history would show differently—that the Germans were not much different than the Koreans.

In the final summing up of the conversation, M. Moch denied that his personal feelings toward the Germans influenced his governmental thinking. The General did not believe that he or other Frenchmen could be entirely impartial in the matter of Germany. M. Moch expressed the belief that, disregarding the Communist problem, any political platform which was opposed to monetary aid to Catholic schools and the rearmament of Germany would receive 70% of the French votes. M. Moch further expressed his fear that any special general election prior to the scheduled 1951 general election would in itself constitute a victory for the Communist Party.

He asked if it would be possible to suspend the issue beyond October 28. The General made it quite clear that he did not believe this practical since he must face Congress and U.S. public opinion in November. M. Moch expressed the belief that it was always possible for the French Government and French people to change their attitudes. M. Moch concluded that he thought it best if we should continue to study the German situation. Perhaps we could appoint the Supreme Commander at once and charge him with this study. The General said he favored the earliest appointment of the Supreme Commander but did not favor such a course of action.

R. E. Beebe

751.00/10–1650 : Telegram

The Chargé in France (Bonsal) to the Secretary of State

CONFIDENTIAL Paris, October 16, 1950—8 p. m.

2041. Following is Embassy's tentative appraisal position of Pleven Government as it faces Parliament when latter convenes October 17 after 2 and ½ months' recess.

Government faces a dozen problems any one of which, in words of French observer, capable in normal times of causing fall of two or three governments. This does not mean, however, that Pleven necessarily about to be overthrown. Public and political observers are centering attention on specific problems and difficulties of solving them, not actively speculating on problem of government's survival or its possible successor. But fact is that mutual suspicions are rife among parties forming coalition, that government's record does not look particularly good to any single party, and that on several important issues cabinet not working as a united team.

Such a situation is of course to some degree chronic. Embassy would therefore conclude that government likely to withstand first parliamentary shocks. Dangerous situation could develop rapidly, but Embassy believes no party has yet found the concrete issue on which it would be prepared bring Pleven down. Must also be realized that negative considerations tend to shore up cabinet in office, notably (1) difficulty of formation successor, and (2) undesirability of responsibility for certain thankless tasks facing any government.

Basic to any estimate is of course fact that France is already in an election year. Not only are moves with regard to electoral law calculated almost exclusively with party interest primarily in view, but treatment of all other problems (or failure to treat them) affected by what deputies believe to be their electoral advantage in 1951. But while all this sharpens suspicions and makes parties jumpy, very

difficult to see what specific effect coming election now having directly on issue government's stability.

MRP is currently most discontented member of coalition. It feels it is giving way on electoral law without visible compensation. Responsible for three exposed Ministers of Labor, Industry, and Agriculture, it finds price indices rising and disequilibrium between agriculture and prices, and yet does not have all levers of command. MRP mood might be described as fretful, and MRP President Bidault is widely regarded in other parties as not at all happy as an ex-Prime Minister, and preparing steps to alter his status.

Socialist leadership appears desire continuation present governmental formation, but frankly anticipates party's early November National Council will be occasion for trouble over continued participation with party militants, who have ungrateful task combat high-powered Communist Party (CP) exploitation variety of discontents among workers.

On eve of Parliament's return, Pleven Government's prestige hurt by unexpected serious blow of what is popularly regarded as humiliating disaster in Indochina, with worse expected by many to follow.

While public does not seem to have settled on a particular scapegoat, open or veiled attacks have been launched not only at present government but by particular interests at either socialists or MRP, successively holders of Ministry responsible for Indochina. Coming parliamentary debate on Indochina policy will expose government to attack from all sides.

In these difficult circumstances, Pleven Government faces particularly unwelcome issues as first important topics on which legislative approval required. Instead of being in position to ask for action in support of some program backed by popular demand, he must request approval extension period of military service and costly plans of rearmament. While public and deputies can undoubtedly be expected to accept these necessities, they will thereby hand CP a propaganda weapon of considerable value unless simultaneous efforts are being successfully made on standard-of-living front.

To cap it all, Pleven Government confronted with responsibility for stating French attitude on principle of German rearmament. Thus a leading Gaullist, who personally approves idea rearming Germany and is of course scornful of "third force" government, should declare to us he considered "brutality" of US approach in matter had forced French Government to take a stand more negative than that another treatment would have induced.

Sent Department 2041, repeated information London 490.

BONSAL

611.51/10–2050

Memorandum of Conversation, by the Director of the Office of European Regional Affairs (Martin)

TOP SECRET [WASHINGTON,] October 17, 1950.

US-FRENCH MINISTERIAL TALKS
(Third meeting, October 16, 1950)

Department of State
Secretary Acheson
Ambassador Bruce
Mr. E. Martin
Mr. Glenn (interpreter)

Treasury Department
Secretary Snyder
Mr. W. Martin

Department of Defense
Mr. Finletter
General Lemnitzer

ECA
Mr. Foster
Mr. Bissell

Ministry of Defense
Minister Moch
General Vernoux
Colonel Lasalle

Ministry of Finance
Minister Petsche
M. B. de Margerie

Foreign Office
Ambassador Alphand

French Embassy
Ambassador Bonnet
M. Schweitzer

Secretary Acheson opened the meeting with the following points:

1. U.S. accepts general lines of proposed French military effort for NATO and in Indochina, and is prepared to do what it can and properly should to see that it can be carried out without serious risk to French political and economic stability.

2. In general prefer that contributions to NAT defense be based on discussions in NATO.

3. Recognize, pending completion NATO work on MTDP, need for immediate contribution to NATO program and Indochina defense.

4. Expediting end-item programs, particularly for Indochina.

5. For other than end-item programs, data available make accurate judgments as to amounts required to achieve program without serious risk of inflation very difficult.

6. In view of above and of limit on firm U.S. commitment to funds available in our fiscal year 1951, prepared make immediate commitment of $200 million, in so far as it can be obligated up to end of U.S. fiscal year 1951, half-way through French fiscal year.

7. This amount will be taken into account in the multilateral distribution of defense burdens. We believe would be unwise for Petsche to count on getting, as result of NATO exercise, additional amount which would bring U.S. contribution for French fiscal year as a whole above $300–$400 million, and might well be less.

8. $200 million assumes French will proceed with military effort both in France and in Indochina along lines discussed, including HPPP, and will take vigorous measures to prevent this effort from causing inflation.

9. This amount will be made available (1) to cover imports, except from EPU countries, required by military production programs; (2) to procure military items produced in France for French or other use, it being understood that the dollars so received will be used not to increase reserves but (*a*) to pay for imports from non-EPU countries required to prevent inflation, and (*b*) to meet obligations to EPU arising directly or indirectly out of the French production program; and (3) to assist procurement for France from other countries of items now in the French program which NAT review suggests may be more advantageously produced elsewhere.

10. Procedural and substantive aspects of longer-range discussions in NATO can perhaps be explored in preliminary way with Petsche at a later meeting.

Secretary Snyder said he had nothing to add. Mr. Foster emphasized the importance to favorable action by a new Congress on any additional funds for assistance to the French of the performance by the French in carrying on with vigor their proposed military effort.

Minister Moch expressed appreciation for the generous gesture but indicated need for further explanations. If one assumed that this amount would be doubled for the calendar year as a whole to $400 million, or about half of what France requested, he presumed this could be used in three ways: (*a*) to import raw materials, etc. from non-EPU countries which would be a small part, not over $100 million; (*b*) for off-shore procurement, more important but not too clear how it would be worked out; and (*c*) to assist in procurement in other countries, which worried him very much. He feared intention was to arbitrarily reallocate production in way which would prevent mass-production in France. This also might cause unemployment and social disturbances, and might cause waste by taking contracts away from facilities on which capital investments had already been made.

Minister Moch also inquired whether funds could only be used in NAT countries and whether help for Indochina was outside this proposal as, for example, the 20 light bombers. He also asked whether, as he had understood us to say during the New York meetings, we intended to press for new money for the fiscal year 1951, or can new funds only be available for fiscal year 1952.

He thought it clear that the amounts mentioned would force them to reduce their rearmament program and make it impossible to equip the number of divisions originally intended for 1951–1952.

Secretary Acheson stated that on point (*c*) the decision as to where production would take place would be a matter of mutual agreement and not a matter of our dictating to the French. Minister Petsche inquired whether raw materials were involved in this proposal. He was told that was not our intention.

With respect to the second question, Secretary Acheson stated that the $200 million did not include end-items like the bombers. Mr. Foster added that no end-item would come out of the $200 million and that the $200 million is out of Title I, which is for NAT countries.[1]

As for the third question, Secretary Acheson stated that it is impossible to tell now whether a supplementary approach for fiscal year 1951 would be required. There probably is not time to get action by Congress and to use the funds which would be made available.

Minister Moch emphasized the importance of getting help to maintain the armies of the Associated States, pointing out that they need to be built up to provide a mobile, strategic French reserve, and to permit transfer of cadres to France to strengthen the French Army. He gathered we no longer intended assistance for this purpose. Secretary Acheson pointed out that specific Indochina help was entirely end-item for both French forces and those of the Associated States. Mr. E. Martin added that the $200 million was available to meet franc costs, of which Indochina maintenance costs are a part, and thus the $200 million indirectly contributes to meeting such maintenance costs and is intended as our assistance to them.

Minister Petsche said he had several questions, after which he proposed that we adjourn for ten minutes to consider our answers. For fiscal year 1951 they expected 100 billion francs of counterpart of ECA aid. He understood no definite commitment possible but wondered whether this were reasonable and whether he could expect to use these funds for purposes within his budget, as originally planned.

Before asking his second question, Minister Petsche wanted to associate himself with Minister Moch's words of thanks. Nevertheless, the figures leave $370 million uncovered and these figures cause him great fear for the future of France. They can either slow down military effort or risk inflation. If they slow down, he understands future funds from us will probably be cut. If they have inflation, available funds will not buy as much and the result will be in fact a slow-down. Our proposal would require issuance of 300 billion francs in new bank notes and it would be impossible to stabilize the currency on this basis. He asked whether a way could be found by which France could escape financial disaster.

Secretary Snyder asked why 300 billion francs were necessary to meet a $370 million dollar deficit. Minister Petsche replied that to

[1] The reference is to the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Cong., 1st sess.; 63 Stat. 714), Title I, North Atlantic Treaty Countries, and to an amendment of July 26, 1950 (Public Law 621, 81st Cong., 2d sess.; 64 Stat. 373).

balance their budget they must secure 420 billion francs by borrowing and other Treasury methods, some of which were inflationary. In addition, they needed 270 billion francs from us and a reduction in this amount brings him to total of 300 billion francs. He also pointed out that once inflation sets in borrowing becomes more and more difficult, and even more bank notes might be required than estimated.

At this point, the meeting adjourned for consultation of delegations.

At the request of Secretary Acheson Mr. Foster stated that the 100 billion franc figure for counterpart of ECA aid was reasonable on the assumption of an approximate six-month lag between U.S. allocations and receipt of counterpart. He also stated that Minister Petsche could plan to use it in accordance with past practice and to apply it to the present budget. He indicated that no advance information is possible on the 1952 budget pending Congressional action.

Secretary Acheson suggested that since Minister Moch had to leave shortly, he be allowed to make a statement. Minister Moch said he had made a rough calculation of the effect of the US proposal, on the assumption that France gets $400 million for the year as a whole, leaving a 30 billion franc deficit which he applied entirely to the defense budget. He did not figure any could be taken out of Indochina funds, and only hopes it will not be necessary to increase these funds. They could only decrease if the French evacuate the Tonkin delta. He can not say they will not consider doing this but France will not take such action until after consultation with the Allied Powers, since the Indochina operation is a part of the common struggle against communism.

Provisional conclusions are that a 130 billion franc cut could be accomplished by reducing by nearly half certain expenditures which might save 50 billion francs, and by slowing down the production of arms almost in half to save 80 billion francs. This latter would result in the tenth French division being ready in 1952 and not in 1951, since its cost is almost exactly 80 billion francs.

These proposals would require complete revision of the rearmament program submitted for 1951.

Minister Moch emphasized that figures of expenditures were not a measure of the French contribution, pointing out that if French soldiers were paid as well as Anglo-Saxon soldiers France could afford less than three divisions instead of ten divisions.

Secretary Acheson pointed out that he saw no immutable principles which require that the total deficit be saved out of the defense budget as Minister Moch had attempted to do. Secretary Snyder pointed out that he thought Minister Moch ought to consider that the great size of the US end-item program for France, the largest of any country,

ought to give Moch some room to adjust his own production program. In leaving Minister Moch emphasized the importance of keeping the amount of US aid proposed secret, until after debate in Parliament on the French budget. At this point Minister Moch left.

At Secretary Acheson's request, Mr. Snyder answered Minister Petsche's second question. He pointed out that it was pertinent and that he could understand fully Minister Petsche's fears about inflation since we in the United States had equally great fears and difficulties. We have tried to meet the major part of the French problem. This and other measures have required us to undertake new taxes, to make drastic economies in our domestic program, and to introduce some controls. He suggested that Minister Petsche ought to be able to manage a deficit of 130 billion francs by the various means which had been previously suggested such as temporary budget economies, the failure of military spending to rise as rapidly as expected, the possibility of adjusting the large end-item program from the US to cover some items proposed for production in France and other measures of like character. He also pointed out that France has an especially favorable credit balance in the EPU which would enable her to substantially increase her imports if necessary to take certain inflationary measures such as issuing a limited number of new bank notes. These imports would soften the impact of such devices.

In addition Secretary Snyder pointed out that as the program advances there will be NATO review which can take account of the pressures and give us a chance to take another look at the French situation and make adjustments if required.

Mr. Foster emphasized the possibilities of increasing imports, particularly from EPU countries, as giving Minister Petsche another important and substantial tool.

Minister Petsche expressed concern in the implication that he had come to us with a request for 270 billion francs without doing everything he could do to reduce that figure. He felt the French budget proposal represented a maximum effort at economizing and at increasing revenue. The investment program had already been cut 200–300 billion francs and they were almost at a point of incurring penalities for breach of contract by stopping work already started. Because the defense program is the largest and had asked for the major increase, it is reasonable to talk in terms of additional reductions in that area. Minister Moch was trying to put into effect our suggestion to slow down defense expenditures but this may be dangerous. He pointed out that only Moch could comment on our proposal for adjustments which took into account our end-item program. France is getting the greatest share of this program but is also providing the most men with a ten-

division program as compared with the 3½-to-4 division program of the UK. He felt there was no real solution to the defense budgetary problem without adequate review by the military staff.

With respect to the use of EPU credits, he believed that in presenting his balance-of-payments position these had already been taken into account. He pointed out that France had already done much to increase imports and has been the only country favoring complete freeing of the exchanges. He suggested that the price problem was already making imports almost impossible and must be brought under control if we are not all to succumb to inflation.

With respect to reconsideration in NATO, it will not be of much value if undertaken only after inflation has come. However, he is impressed by our offer of immediate assistance and realizes the difficulties of our doing more. He expressed concern primarily about our statement that he could expect only $100 to $200 million later as an additional amount. If Secretary Snyder means to give France moral reassurance subject to the results of our Congressional elections, and if the proven speed of the French rearmament effort cannot be maintained on the basis of our present proposal, and this amount can be reexamined, he would have some reassurance about going ahead with his budget but he would like us to know he is still very much worried for the future of France from an economic, financial and social point of view.

Secretary Snyder pointed out that he was also worried about the US future as a result of inflationary pressures. He also asked permission to add that any reexamination of the French position would be affected materially by the vigorousness of the French effort and the adequacy of their performance. Minister Petsche replied that he was in complete agreement but hoped we would not refuse to recognize the seriousness of the situation. He agreed that in all probability the effort would get under way slowly in the first year, but in 1952 and 1953 expenditures may be expected to rise rapidly. He agreed with Secretary Snyder that the problem is of world dimensions and that is why he had suggested several months ago that the task of financing the rearmament effort be approached through a common budget, in the hope that international coordination could bring about savings in national expenditures.

Secretary Acheson summed up by expressing our desire to work out a solution but recapitulated the various means which he thought might be used to cover in part the 130 billion franc deficit and place the inflationary problem within manageable bounds.

Minister Petsche expressed the view that he could only repeat his previous statements that all possible efforts had been made and that

perhaps the only way of reconciling the difference of view would be for the experts to spend some further time examining the figures. While he wanted it clearly understood the French were not asking for US help to pay for things the French themselves should clearly support, on the other hand, he did not want France to be in a state of continuing governmental crises, which he thought might be the result of our proposals.

It was agreed that the financial experts and the military experts would meet separately to consider further the US proposals for the inflationary problem. It was agreed that there would be another ministerial meeting Tuesday afternoon, and a further meeting on Wednesday.

At the close of the meeting, Minister Petsche again emphasized the importance of not letting any figures get into the press.

611.51/10–2050

Memorandum of Conversation, by Mr. Edgar J. Beigel of the Office of Western European Affairs

TOP SECRET [WASHINGTON,] October 17, 1950.

US-FRENCH MINISTERIAL TALKS
(Fourth meeting, October 17, 1950)

Department of State
Secretary Acheson
Ambassador Bruce
Mr. E. Martin
Mr. Beigel
Mr. Glenn (interpreter)

Treasury Department
Secretary Snyder
Mr. W. Martin

Department of Defense
General Lemnitzer

ECA
Mr. Foster
Mr. V. Cleveland

White House
Mr. Gordon

Ministry of Finance
Minister Petsche
M. B. de Margerie
M. Goetze
M. Filippi

Foreign Office
Ambassador Alphand

Ministry of Defense
General Vernoux
Colonel Lasalle

French Embassy
Ambassador Bonnet
M. Schweitzer
M. C. de Margerie
M. Baube

Secretary Acheson said that after the last ministerial talk, joint meetings were held by the financial and military technicians again to review the military and non-military French budget estimates. He said that the financial group clarified many of the matters discussed by the Ministers. He said further that the military group had arrived

at an understanding that the program of US assistance would allow the French military program to go forward in its essential principles, that some matters may go over to 1952, but that primary needs would be covered during 1951.

Secretary Acheson summarized the US position as presented at the last meeting: that if the US makes available $200 million from fiscal year 1951 appropriations, the French military program can go forward; and that there will be a NATO review to determine whether additional assistance to France will be necessary during 1951. He emphasized that the $200 million is an amount of immediate assistance and that any further assistance will depend upon a thorough multilateral review in the NATO machinery.

Minister Petsche said that he realizes that $200 million is being provided to enable France to begin its military production effort, and that it represents the maximum assistance possible within the framework of presently appropriated funds. He said that his concern relates to future appropriations, that is, to the US suggestion that $300–400 million represents the probable limit of such assistance for the calendar year 1951. He said that Secretary Acheson's clarification above, indicating that there should be a NATO review of the French position, is reassuring in that it suggests that the total amount of assistance to France could in fact exceed $300–400 million in 1951.

M. Petsche raised two questions: (1) whether the US can put in writing the earlier explanation of the forms by which the $200 million may be utilized, in order to avoid any misunderstanding by the French military, who will use the funds; (2) with regard to the method of paying out the $200 million, can progress payments be arranged to offset the payments that the French will have to make to French manufacturers? US progress payments would be desirable in order to assist France to take measures to dampen the inflationary pressures that may arise from an increasing rate of franc expenditures. M. Petsche said that he considered this to be a technical matter, and would prefer that M. Schweitzer remain in contact with the US authorities to devise a system of payments.

Secretary Acheson replied that the US is preparing an *aide-mémoire* on general principles governing the use of the $200 million, and that the document should be ready by Wednesday morning. He said that we shall also try to indicate in the *aide-mémoire* certain principles relating to the NATO review of each country's financial situation, which may be of help to M. Petsche in considering that matter. He said that our purpose yesterday was not to say that additional assistance would be unlimited, but that our estimate of a limit of $300–400 million contemplated that France would take measures to close the remaining budget gap. He said that if France is still in

difficulty after spending the $200 million, or if there are unexpected developments, we will then go forward through the NATO review.

Secretary Snyder said that we did not mean to suggest that our assistance is unlimited, since we must be careful in consulting the Congress with regard to any discussion of assistance to be provided subsequent to fiscal year 1951. With regard to the second question raised by M. Petsche, Secretary Acheson said that M. Schweitzer and Mr. Ohly can work out the procedure for payments.

Secretary Acheson then suggested that M. Petsche nominate a deputy (M. Alphand) to assist in the joint preparation of a final communiqué. Minister Petsche said that Premier Pleven had telephoned this morning that the French Government is in difficulty because of certain leaks of erroneous information into the French press, apparently from US sources. The press reports, which were circulated at the opening session of Parliament today, indicate that the US will provide total assistance amounting to only $200 million in 1951. He said that M. Pleven would like to defend himself against the French press and public opinion, as well as before Parliament, by issuing as soon as possible a communiqué on the extensive US aid to be given in the form of end-items for France and Indochina, as well as on the present negotiation for assistance toward French production during the first half of 1951. He said that such a communiqué, if available for Wednesday's Paris newspapers, would have a strong effect on French public opinion, would strengthen M. Pleven's hand in appearing before the Parliament, and would correct the erroneous information that is in circulation in Paris.

M. Petsche presented a French draft of such a communiqué, which would include a specific figure covering the overall amount of US end-item assistance for Metropolitan France and for Indochina, as well as mention the $200 million in assistance relating to the French military production program.

Secretary Acheson said that the US has never put into dollar figures the equivalent values for end-item assistance, and that it would be impossible for us to publish any precise figures on such aid to France. General Lemnitzer said further that the publication of any detailed figures would disclose many elements of NATO strategic planning, and would therefore be undesirable on security grounds. He said that we have also had considerable difficulty explaining the details of military pricing policies to the Congress, and that publication of information on this subject would probably be misunderstood by the press and the public.

M. Petsche said that the French Government has no intention of embarrassing the US in this matter, and that a communiqué on the main points, including a statement of assurances regarding Indochina, would probably be satisfactory to M. Pleven. The Ministers thereupon

adjourned until Wednesday morning, after agreeing that their deputies would proceed immediately to prepare a communiqué. The joint communiqué was released later in the day (as Department of State press release No. 1066, dated October 17, 1950).

Department of State Press Release

No. 1066 [WASHINGTON,] October 17, 1950.

In the course of conversations which have taken place during the last few days between Messrs. Dean G. Acheson, Secretary of State; John W. Snyder, Secretary of the Treasury; George C. Marshall, Secretary of Defense; and William C. Foster, Economic Cooperation Administrator, on behalf of the United States, and Messrs. Jules Moch, Minister of Defense, and Maurice Petsche, Minister of Finance, on behalf of France, a review has been made of the United States contribution to the implementation of the French Rearmament Program within the framework of the North Atlantic Treaty Organization. This review has included the question of additional United States military aid to Indochina.

The United States Government has expressed the view that a military effort of the general magnitude and character planned by the French Government would be a vital contribution to the defensive strength of the North Atlantic area. Out of the sums appropriated by the United States Congress under the Mutual Defense Assistance Act for fiscal years 1950 and 1951, about $5 billions have been earmarked for military equipment to be delivered to the European members of the North Atlantic Treaty Organization. France has been assigned by far the largest single part of these amounts.

In addition, the United States Congress has appropriated for military assistance in the Far East approximately one-half billion dollars. In view of the importance of the operations in Indochina, the major part of this sum is being used to provide military equipment, including light bombers, for the armed forces both of France and of the Associated States of Indochina.

This assistance will provide a very important part of the equipment required by the forces contemplated for activation in 1951 in France and for current operations in Indochina. Deliveries of equipment are being expedited and, with respect to Indochina, a particularly high priority has been assigned.

Moreover, the following agreement has been reached during the talks with respect to production assistance:

(*a*) On an interim basis, and within the funds already appropriated under the Mutual Defense Assistance Act by the Congress for the fiscal year 1951, the Government of the United States will make avail-

able in support of the French Government's increased military production program assistance in the amount of $200 million, these funds to be obligated prior to June 30, 1951.

(*b*) The final amount of American assistance to support the expanded French defense effort will, subject to future provision of funds by the Congress, be determined on the basis of multilateral discussions within the framework of the North Atlantic Treaty Organization directed toward an equitable distribution among all the North Atlantic Treaty members of the economic burdens of the common rearmament effort.

611.51/10–2050

Memorandum of Conversation, by Miss Miriam Camp of the Office of European Regional Affairs

TOP SECRET [WASHINGTON,] October 18, 1950.

US-FRENCH MINISTERIAL TALKS
(Fifth Meeting, October 18, 1950)

Department of State
Secretary Acheson
Mr. Thorp
Mr. Nitze
Mr. E. Martin
Mr. Peterson [1]
Miss Camp
Mr. Glenn (interpreter)

Treasury Department
Secretary Snyder
Mr. W. Martin
Mr. Hebbard [2]

Department of Defense
General Lemnitzer

ECA
Mr. Foster
Mr. V. Cleveland

White House
Mr. Gordon

Embassy, Paris
Ambassador Bruce
Mr. Tomlinson

Ministry of Finance
Minister Petsche
M. Filippi
M. Goetze
M. B. de Margerie
M. Martinet
M. Huet
M. Denis

Ministry of Defense
General Vernoux

Foreign Office
Ambassador Alphand

French Embassy
Ambassador Bonnet
M. Schweitzer
M. C. de Margerie
M. Demont [3]

Minister Petsche referred to the memorandum of August 17 [4] which had been given to Secretary Snyder in Paris setting forth the French

[1] Avery F. Peterson, officer in charge of economic affairs in the Office of Western European Affairs.
[2] William L. Hebbard, of the Office of International Finance, Department of the Treasury.
[3] Eugène Demont, Technical Counselor of the French Embassy.
[4] For additional information on this memorandum, see telegram 852 from Paris, August 17, p. 220.

Government's views of the principles on which the NATO should be established. He said that although the French proposals might have been interpreted simply as an exercise in logic, the French intended them as very practical proposals and that he wished to revert to them today because he believed the time had come to consider the further development of the NATO. He referred to the present situation in which on one side there was a monolithic structure and on the other a collection of nations standing side by side but not integrated. The French proposals were in essence, a procedure for bringing about a greater degree of integration among the NATO countries and thus permitting decisions to be taken as rapidly as possible. The memorandum of August 17 had referred to action in both the military and economic field. M. Petsche said he considered the decisions in New York on a common integrated staff offered a solution in the military field. So far as the economic and financial field was concerned, the French proposed the establishment of a common integrated budget. He emphasized that their main objective was not so much to ensure an equitable distribution of the defense burden, which could be achieved by other means, but to establish a genuine co-partnership. He emphasized that in the French view financial assistance should be received from other countries as well as the United States, in particular, those countries which were not in a position to contribute significantly militarily. Another fundamental purpose of the common budget would be to increase the rationalization of the defense programs of the individual countries. A third area in which the common budget would be useful was in combatting inflation. M. Petsche felt that through this mechanism measures could be taken to stabilize currencies and to maintain at least a parallelism in the degree of inflation in individual countries.

M. Petsche said that he recognized that the United States Government had shown an understanding of these problems and had accordingly put forward the so-called Nitze proposals.[5] He expressed the willingness of the French to take the Nitze paper as a basis for discussion in the Deputies' meeting. However, he felt that the principle underlying the Nitze paper that each government was responsible for the security of its own country ought to be further extended. By the establishment of a common staff a collective responsibility had been created which in turn required the establishment of collective programs. He further expressed reservations on the bilateral means of payment proposed in the Nitze document and reemphasized the French view that the NATO concept, unlike the ERP concept, was not one of giver and receiver but of partnership in a common effort. M. Petsche also felt that the urgency of the situation required a modification in

[5] For the text of the "Nitze paper," and related information, see telegram Todep 63 to London, October 17, p. 386.

the existing MDAP legislation to permit transfers and to enable free dollars to be used through the EPU mechanism.

M. Petsche then referred to the dollar pooling proposals included in the August 17 memorandum and reaffirmed the French view that dollars earned by NAT countries as well as free dollars appropriated by the United States for the defense program should be pooled and subject to the control of the EPU. Although having these major reservations on the Nitze document, M. Petsche reaffirmed his willingness to see it introduced for discussion by the Deputies and submitted a few technical amendments in the present draft.

M. Petsche then turned to the subject of raw materials and to the suggestions made in this connection in the August 17 memorandum. He emphasized the French concern with recent increases in prices on raw materials which, although resulting in part from the Korean war, would continue as a result of the accelerated defense program. He pointed out that so far we had seen only increases in the world market prices not the repercussions on retail prices which would occur in another two or three months. He emphasized the serious inflation which would be created and his fear runaway inflation might mean disaster for the whole western world. He referred to his conversations with Mr. Thorp and said that, in the light of various points made by Mr. Thorp in the course of those conversations, he had modified some of the more drastic of his earlier proposals. He was therefore submitting a new proposal which he handed to Mr. Acheson and which is attached as Appendix A. He felt that it was necessary for the NATO countries to take certain common measures, for example, restrictions on consumption, compulsory use of substitutes, and related measures. These should be done on a NATO basis, not as in World War II on an individual national basis. He felt that we were already facing very serious situations in a number of commodities and referred to wool and steel and cotton as examples. As a result of the mounting wool prices and the restriction on the export of cotton from the United States, he expected that the cost of French clothing would shortly rise by 30% or more. This in turn would result in demands for increased wages. If, at the same time, as the taxpayers were being asked to pay for an increased rearmament program prices were allowed to rise sharply, a disastrous situation both from the social standpoint and the standpoint of the military program would result. He concluded by emphasizing that we do not know how long the rearmament program would continue but that it might well last for ten to fifteen years unless drastic control measures were taken. He felt the Western countries might well fall into the trap which the Soviet Union was building and that the Soviet Union might accomplish their purposes through social revolution within the Western countries.

Secretary Acheson thanked M. Petsche for the August 17 memorandum and his summary of the points included in it. He felt the

memorandum had been very far reaching and had already deeply affected the thinking in the U.S. Government. He suggested that Mr. Nitze outline the U.S. Government's views on the financial proposals put forward by M. Petsche and that Mr. Thorp summarize our views on the proposals respecting raw materials. Mr. Nitze said that the French proposals had been considered not only within the Executive branch of the United States Government, but also with the United Kingdom and French officials. As he understood them, the three principal objects of the mechanism suggested by the French were to permit the military plans of the individual countries to go forward in accordance with the agreed NATO defense plan, to insure that economic questions were multilaterally considered, and to bring economic pressure to insure that the national programs were carried out in conformity with the multilaterally agreed program. To accomplish these ends the French had proposed four techniques: (1) the common budget; (2) the Atlantic loan; (3) the dollar loan; (4) the Atlantic tax, although the latter had been subsequently withdrawn. He felt the common budget proposal presented two types of difficulties. The first was the difficulty which both the United States and the United Kingdom would have in participating in this type of arrangement and the second was the practical one of whether the common budget could be effective unless an executive agency of the NATO were able to concern itself directly with matters of internal financial and monetary policy. This, in turn would require a stronger political organization than the NATO had at the present time. He felt that the Atlantic loan proposal also presented difficulties and, as proposed, would probably involve a contingent liability on the United States for the full amount of the loan. The dollar pool also presented problems but he felt it might be further considered by the experts. Although by no means shutting the door on any of these developments, the United States Government had felt that, in view of the time urgency, it was desirable to develop procedures which, while meeting the underlying objectives of the French, could be agreed to readily by the other countries. Referring to the so-called Nitze memorandum, he thought that the approach outlined would enable us to move forward on a partnership basis, that nothing in the procedure outlined precluded financial assistance by countries other than the United States, although looking at the question practically he questioned whether any major financial contribution would be made from any other country with the possible exception of Canada. He pointed out that assistance between countries would only flow if the national programs were being carried out in conformity with the overall program and that in this way the pressure which the French sought could be brought to bear on national programs.

Mr. Snyder and Mr. Foster concurred with Mr. Nitze's comments. M. Petsche enquired whether, if at a later stage, agreement were reached on a European common budget the United States would feel able to make a lump sum appropriation to the common budget. He felt that such a procedure would further the integration of the European countries.

Mr. Acheson said that this suggestion would have to be discussed within the United States Government but that there were clearly a number of very great difficulties connected with it.

Mr. Thorp then summarized the United States view of the French proposals regarding raw materials. He expressed general agreement with the French appraisal of the basic character of the problem, i.e., that recent price rises were serious; that there was need for action without delay; that the action should be international in character; and that the NATO had shown direct interest and responsibility in the problem. The difference, if there were a difference between us, lay in the question of procedure. He referred to the fact that the OEEC was now studying particular commodity problems and said that we would urge our representatives in Paris to expedite that work. The results of the OEEC study should be brought to the attention of the NATO Deputies as soon as possible. He felt it was also desirable for the Deputies to set up a group within the NATO to keep the commodity situation under review and to recommend international action as appropriate. He believed that the main difference between us and the French was probably in the degree of responsibility to be given to the NATO. In the United States view, action at this stage should be taken on a commodity by commodity basis, using the mechanism best suited to the commodity in question. Although the NATO might determine that action on a particular commodity was required, he felt that in most cases it would be desirable for one or two of the NATO countries to call together an *ad hoc* meeting of the principal producing and consuming countries in order to allocate or take other measures. He emphasized that we wished to avoid any impression that the NATO countries were "ganging up" on the other countries. He also expressed the view that too great a use of NATO in this field was undesirable because of its defense character. In conclusion, he said that although believing that we should begin to deal with the commodities problem through a series of commodity conferences we recognized that additional machinery might be required at a later stage.

M. Petsche requested that the United States Government review the document which he handed to Secretary Acheson and which he felt was much more in line with the United States' views as presented by Mr. Thorp than the earlier French proposal. Although agreeing that commodities would have to be studied on an individual basis and with the principal producers and consumers, he raised the question of what

would happen if we were unable to work out a cooperative arrangement. He suggested that if commodity conferences ended in disagreement the NATO should take action. If, after discussion, there appeared to be no hope of cooperative action with producers, he felt the situation warranted the creation of a "consumers' cartel" to bargain with the producers.

Mr. Acheson assured M. Petsche that the United States Government would study the latest proposals of the French Government and would also consider what action should be taken if it were not possible to work out cooperative arrangements with the producers. He said that we recognized the seriousness of this problem but had no solution to offer at present.

The meeting concluded with mutual expressions of appreciation for the full and frank discussion of these common problems.

Appendix A

SECRET

FRENCH PROPOSAL HANDED TO SECRETARY ACHESON BY M. PETSCHE
OCTOBER 18, 1950

Article 1. In accordance with the principle of economic cooperation with which they intend to comply, the high contracting parties agree to entrust the Executive established by themselves with the following responsibility:

a) to keep under constant review the evolution of supplies and prices of raw materials and essential commodities;
b) to recommend consultations between the main producing and consuming countries as soon as the market situation of a raw material or of an essential commodity seems to justify the use of such a procedure, provided it is up to a Government or to a group of Governments to call any international meeting;
c) to prepare such international meetings and to recommend steps which might be proposed by the countries concerned;
d) should such meetings not arrive at satisfactory conclusions, to recommend joint measures which might be taken by member countries of the Atlantic Pact.

Article 2. The recommendation made by the Executive may concern:

a) the stimulation of production of commodities in short supply in the participating countries;
b) the periodical international distribution of commodities through allocations;
c) the coordination of the purchasing policies of the importing countries and, as the case may be, the organization of joint purchases, whether the purchases apply to a certain tonnage of existing commodities or whether they should be achieved over a certain period of time through the conclusion of short or long term contracts;
d) the reduction or, if necessary, the suppression of the consumption of certain products.

Editorial Note

On October 19 Messrs. Acheson, Snyder, and Foster met with M. Petsche to discuss the French proposals contained in the memorandum of August 17. For a summary of this discussion, see telegram Todep 66 to London, October 19, page 391.

ECA Telegram File : FRC Acc. No. 53 A 278 : Paris ECATO : Telegram

The Deputy Administrator for Economic Cooperation (Foster) to the ECA Mission in France

SECRET [WASHINGTON,] November 3, 1950—8 p. m.

Subject: French Industrial Housing Problem.

Ecato 1172. Following is joint State, Treasury, ECA cable:

1. Agreed here that failure to place greater emphasis on continuous concrete measures toward improvement of living conditions of French working classes may compromise effectiveness of present programs to achieve U.S. military and economic objectives in France over next few years.

2. ECA views on seriousness of this problem and importance of industrial worker housing program in its solution have been set forth in Foster–Timmons letter of August 25.[1] We believe that there is no question that U.S. Government should encourage expansion French low-cost housing program in immediate future. French cannot afford to fail to come to grips with this problem now.

3. We are aware that there will be political, financial and engineering difficulties to be overcome if a larger housing program for urban industrial workers is to be carried out successfully in the immediate future. We are aware of the many plausible and practical arguments which will be advanced to you by some parts of French Government in opposition to such a program. We feel, however, that there is an overriding necessity to build the will to resist Communist subversion among French industrial workers. The provision of tangible benefits to such workers in the form of housing will support this purpose. We believe that, once launched, such a program would have widespread popular and Parliamentary support.

4. U.S. housing objective is to secure the actual expenditure of at least 50 billion francs during calendar 51 for low-cost housing for urban industrial workers. Such housing should be located with due regard to the need for housing by workers necessary to the expanding French rearmament effort. The "red belt" suburban area of Paris might well be considered as starting point.

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[1] Not printed.

5. It is recognized here that the ECA Mission, Embassy, and OSR will have to choose the appropriate weapons and tactics to be used in achieving the desired objective. ECA/W will undertake to provide the necessary technical assistance to implement whatever plan of action you propose. Additional ECA programs designed to assist French industrial workers are in the process of preparation and will be communicated to you shortly. It is clearly desirable that the housing program agreed to by the French be such that the U.S. will be identified as a strong advocate of it, and that the program be the subject of a widespread information campaign. The actual earmarking of 50 billion francs or more of counterpart funds for this purpose will be optional with you depending upon the tactics you choose to achieve the objective.

6. U.S. objective is fully consistent with U.S. position taken in recent financial and military talks with French in Washington. In technical discussions French were informed that U.S. Government believed that 1951 budget expenditures could be cut in several places and that tax revenues had been underestimated. We also indicated our belief that low-cost housing expenditures should be increased without, however, prejudicing the defense effort. Similar points were made in talks at ministerial level, where French were informed that we hoped it would be possible to increase low-cost housing program. See also Foster conversation with de Margerie and Alphand reported in Torep 8993, rptd. ECA Mission as Ecato 1121.[2]

FOSTER

[2] Not printed.

711.56351/11–450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, November 4, 1950.

2476. Reference Embtel 2473.[1] At 4:30 this afternoon Pleven finally was able to give his attention to final texts of LOC accord. Although he had previously cleared these texts individually, he nevertheless informed Foreign Office that he desired a number of changes in the texts. He informed the Ambassador at 5:30 that he had authorized Foreign Office to sign LOC agreement without further reference to him and had furthermore instructed French military to permit LOC advance echelon to move into France without awaiting final signature.

With one exception changes desired by Pleven are of drafting and would have been accepted without reference to Washington but since

[1] Not printed.

physical work involved precluded signature tonight, we have decided with Foreign Office to postpone signature until Monday.

Pleven insists that there should be no official announcement since he prefers to deal with question of publicity through medium of question in French Parliament which he expects to get as soon as US detachments begin to arrive. He has however agreed that we would answer press questions along line of proposed press announcement without issuing it officially and textually and referring to line of supply rather than line of communication.

Changes desired by Pleven follow:

1. He has rearranged and altered somewhat basic agreement (text immediately follows) to incorporate idea that French Government wishes to facilitate supply of US forces in Germany.
2. The only change of real substance is in termination clause which he apparently regarded in previous form still as perpetual treaty and proposes new last paragraph. We consider and EuCom representative concurs that this is entirely acceptable and indeed presents certain advantages since it assures LOC agreement for five years and its automatic renewal until six months notice is given. One other change is reference that principal movement on LOC will be by rail.

Text of new covering agreement:

Begin verbatim text: "The Government of the Republic of France and the Government of the USA considering on the one hand, that the American Government has obligations resulting from the presence of its troops in Germany and Austria, considering, on the other hand, that the French Government wishes to facilitate the supplying of the American troops in Germany, considering, finally, that the geographical position of France is such that it is situated between the US and the zones occupied by the American forces in Europe, agree to establish a line of communication from the La Pallice Bordeaux area to the German frontier, to be undertaken in accordance with the general principles set forth in the present agreement, the principal movement on this line of communication being made by railroads.

The procedures for the establishment and operation of this line of communication will be worked out by the military authorities of the two countries and, in the event of disagreements, will be referred to the Minister for Foreign Affairs and to the American Embassy.

This present agreement will remain in effect for a period of five years and will be renewed automatically (partacite reconduction) unless terminated by six months advance notice by one of the contracting parties.

In witness thereof, et cetera." *End verbatim text.*

[Here follow other changes and a statement that, unless there was objection from Washington, the agreement was to be signed on November 6.]

Sent Department 2476, repeated information niact Heidelberg 55.

BRUCE

Editorial Note

On November 6 Ambassador Bruce and Alexandre Parodi, Secretary-General of the French Ministry of Foreign Affairs, signed for their respective Governments an agreement regarding the establishment and operation of a line of communication across France, including annexes on the juridical status of U.S. Armed Forces personnel stationed in France and in French North Africa, financing of the Line of Communication, and radio facilities. There were also an exchange of letters with regard to displaced persons of Polish origin to be employed by United States Forces on the territory of Metropolitan France and a letter signed by Ambassador Bruce with regard to the status of U.S. military personnel in French North Africa. Documentation on these subjects is in Department of State file No. 711.56351.

751.5 MAP/11–1050

The Secretary of State to the Embassy in France

SECRET [WASHINGTON,] November 10, 1950—7 p. m.

2534. Tomap. From FMACC. Treas concurs.

1. Reps of Dept and other interested agencies now engaged in series conversations with Fr reps here re draft of *aide-mémoire*.[1] Purpose has been make sure common understanding exists of terms. Revisions under study here. Fr have been told we expect formal acceptance of *aide-mémoire*. No action to implement shld be taken in advance of finalization and acceptance (urtel 2330 Oct 28).[2] [Here follows a textual reference to the draft of October 19, not printed; for the final text, see page 1446.]

2. *Aide-mémoire* involves interests and responsibilities several US agencies. US position being developed by State in close consultation with other agencies. Implementation will similarly involve these agencies. *Aide-mémoire* envisages grant of aid based upon US understanding that Fr Govt undertaking general prog principle [*principal*] elements of which are cited para 4 below. While it is important observe and report on performance with re[spect] each element US judgment as to whether performance satisfactory and as to further US action required must necessarily be based upon balanced consideration totality Fr performance with respect all elements. Consequently Wash looks to Amb to develop, in close consultation with reps various US

[1] The *aide-mémoire* referred to by Mr. Acheson in the meeting of October 17, p. 1424.

[2] Not printed; it outlined various economic and financial topics on which the Embassy proposed to begin preliminary conversations with French officials.

agencies, coordinated and balanced reporting and recommendations as to Fr performance and US actions. FMACC urgently addressing prob extent to which revised procedures and assignment responsibilities are required by enlarged prog and as decisions reached further instructions will be forthcoming. Unless and until such further instructions are forthcoming, implementation of aid program contemplated for Fr in *aide-mémoire* will be thru MDAP and existing FMACC policies re communications channels shld be applied (Refer doc. MAP D–F*a*).[3]

3. We assume that discussions with Fr opposites subjs listed in item 2 urtel 2330 [4] will be for purposes obtaining info and reporting to Wash. Since many aspects these subjs are being discussed multilaterally and also involve polit, econ and mil considerations, essential that any guidance thereon given Fr Govt shld first be carefully considered by Amb and Wash. In view fact this initial assist to Fr, as stated in *aide-mémoire*, is clearly an interim measure pending NATO action on distribution burden MTDP any arrangements in Paris shld be informal in character and susceptible easy adaptation to arrangements finally agreed upon, multilaterally and bilat, for insuring implementation MTDP. In any case believe important leave Fr with sense full responsibility for taking actions necessary prevention inflation. Must not interject our views in such detail or in such manner they will not feel need put forth their efforts in behalf truly Fr prog, or that they can with any validity say they did all we asked and hence that any failures are our responsibility and must be corrected by additional US funds.

4. Subjs proposed for discussion with Fr do not include all matters mentioned in *aide-mémoire* on which Amb shld be informed. As indicated therein, amt and kind US aid to Fr predicated on understanding Fr Govt intends: (*a*) proceed during 1951 with milit effort, both in Fr and in overseas territories, including IC, substantially conforming in size and scope to that which it has presented; (*b*) execute promptly the HPPP recommended for implementation in Fr by approp NAT bodies; (*c*) conduct further discussions with US reps re Fr def prog as it is developed and refined; (*d*) take vigorous measures combat inflationary pressures by all approp means including necessary adjustments import and credit policies.

5. Items (*a*) (*b*) and (*c*) in *aide-mémoire* are each as important as item (*d*). In addition to subjs proposed urtel 2330 we believe that other

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[3] Not printed.

[4] This section referred to proposed conversations on the French external financial position and on French policies with regard to imports, exports, exchange controls, and fiscal and credit controls to curb inflation.

immed and basic probs on which info and recommendations to Wash shld be developed are:

(*a*) to ascertain scope and character of Fr def effort in Fr and IC contemplated in 1951.

(*b*) to review Fr proposals and recommend ways and means obtaining prompt implementation Fr HPPP.

(*c*) to appraise timing of probable inflationary impact of Fr def effort with view recommending measures, including timing US aid, offset these adverse develops. Wash expects provide guidance offshore procurement procedures at early date urtel 2253 Oct 25.[5]

(*d*) to recommend measures designed to coordinate Fr prod prog with US ent [*end*] item prog for Fr.

(*e*) to explore ways in which Fr can contribute to solution trans prob as represented particularly by excess and unutilized prod capacity of W Ger and Ital. [FMACC.]

ACHESON

[5] Not printed.

751.00/12–1350

The Ambassador in France (Bruce) to the Secretary of State [1]

SECRET PARIS, December 13, 1950.

[No.] 1585

Subject: Review of Political Developments During the Months of September, October and November 1950

As a supplement to the Embassy's reporting of political developments during the last three months, there is submitted a summary and evaluation of the salient events of the period, which is designed to permit a longer-range assessment of political trends. The following analysis covers the events from the first announcement of the government's intention to extend military service to 18 months, to the near-impeachment of Jules Moch and to Pleven's receipt of a vote of confidence from the National Assembly on December 1. This corresponds, on the international scene, to the period from the darkest days on the defense perimeter around the tip of the Korean peninsula, to the beginning of the Chinese counter-offensive against the victorious UN army in North Korea.

1. *Attitudes toward the U.S.* Behind Foreign Minister Schuman's denial on November 16, that any change in France's foreign policy is contemplated, and behind Prime Minister Pleven's similar denial on

[1] This despatch was drafted by Martin F. Herz, Second Secretary, and was initialed for the Ambassador by Philip W. Bonsal, Counselor of Embassy. Copies were sent to the American Embassy in London and to HICOG at Frankfort.

November 29, lay concern about something different from the "neutralism" which in the recent past had received perhaps an undue amount of attention as a major non-Communist foreign policy alternative posed to the French. The neutralist school represented by Claude Bourdet and confined largely to a coterie of Paris intellectuals had in fact become more and more characterized by an anti-American attitude and was not even unwilling, in order to advance its thesis, to treat with the Communist-front organization, the Partisans of Peace. The slow upsurge of misgivings concerning France's acceptance of U.S. foreign policy leadership, on the other hand, to which Pleven no doubt referred when he disclaimed any "neutralist" tendencies of the government, was a pro-American and anti-Soviet phenomenon but one which might become much more important to U.S.-French relations.

The Korean war, even more than the issues of German rearmament, served to bring out this latent attitude. The crossing of the 38th Parallel, after Foreign Minister Schuman had declared September 6 that France would prefer restoration of the *status quo ante*, gave rise to no complaints at the time since the troops of the United Nations were moving forward in the flush of victory. When Chinese troops were first encountered, however, and later when news of the Republican election victories pointed up the emergence of a possibly more unyielding U.S. policy in the Far East, and finally when General MacArthur's offensive toward the end of November was first stalled and then transformed into a retreat—all those developments served to build up an attitude of fear that France might be committed to a major war; a feeling that some brakes should be put on the "impetuous" leadership of the U.S.; and that the moderating or mediating role, which French opinion has contemplated nostalgically from time to time in the past, might after all be one that France should play. In discussions of this kind, however, there was no question of dissociating France from its allies: The developing attitude, rather, which as yet was not sharply defined, was one of friendly and somewhat worried advice to a much-needed friend.

This attitude which is not the same as "neutralism" was not confined, as apparently in Britain, to leftist elements and to the leftist press. It was in fact best exemplified by the rightist (Radical Socialist, Gaullist-sympathizing) newspaper *Aurore* which on November 23, before the Chinese counter-offensive, expressed concern about the alleged U.S. "hostility" to the idea of a buffer zone between Korea and Manchuria; found disquieting the alleged U.S. intention of letting General MacArthur settle the Korean conflict "by military means alone;" and criticized Mr. Dulles' endorsement of Nationalist

China's complaint against the Soviet Union. The paper came out for admission of Communist China to the U.N. and "besought" the U.S. "to follow the path of diplomacy." Along a different line, Foreign Minister Schuman himself, in the Council of the Republic on November 16, spoke of the need to "reassure" Russia about the peaceful intentions of the West.

It is against this background that one must also view the form taken by the initial reaction here to the Soviet proposal for four-power conversations on German disarmament. Although no less suspicious of Soviet motives and intentions than the other Western countries, French public opinion was well satisfied when Foreign Minister Schuman's published remarks turned out to be less negative than those of either Foreign Secretary Bevin or Secretary Acheson. The difference has been aptly described as that between saying "yes, but" and saying "no, unless." This less negative reaction of Foreign Minister Schuman was close to the prevailing mood of the Government, the Assembly, and (as far as can be determined) the French people. A similar harmony is much more difficult to establish when it comes to the issue of German rearmament.

2. *German rearmament.* The controversy on the nature, timing and extent of Germany's contribution to Western defense, which resulted in France's proposal for the immediate establishment of a European army, can be viewed as consisting of four separate stages during the period under review: The first stage might be called one of slow drift toward acceptance of the idea of an eventual German contribution. This stage was distinguished by statements on the part of Prime Minister Pleven (September 2) and Foreign Minister Schuman (September 6) to the effect that the question of a German contribution was "one of priorities," and the view of former Prime Minister Bidault, likewise publicly expressed (August 26), that West Germany would certainly have to receive authorization to arm and equip its "police" to the same extent as Eastern Germany was being armed and equipped.

The second stage was the freezing of the French government's position in the face of a request for consent in principle to a German contribution to Western defense, which posed a question that no French government could answer affirmatively in principle. This stage, which gradually led to doubts as to whether France's position was not perhaps unreasonable and in the long run untenable, continued until October 25 when the government ushered in stage three by presenting to the National Assembly what it considered the only formulation susceptible of marshalling a majority: the call for a European Army into which would be integrated national units "of the smallest possible size." The government's proposal specifically opposed the establish-

ment of a German national army or general staff and called for the creation of the post of a European defense minister, answerable to an as yet non-existent European political body. With respect to units of division size, although the Assembly resolution did not refer to them, the government in the debate on October 24 and 25 placed itself so squarely and insistently on record as opposing German divisions that it was difficult to see how its position could be modified in the near future. Stage three, the presentation of the thesis of the European Army, finally gave way to the fourth stage, which was distinguished by a general feeling of malaise at the failure of Defense Minister Jules Moch in Washington to persuade his colleagues in the NATO to accept the French formula, and an increasing belief that the French government, and Moch in particular, had gone too far, had been too rigid, and would eventually have to compromise. (The difficulties in which Moch found himself in the National Assembly at the end of November, while they are in part traceable to the general feeling that he had done badly in Washington, were not primarily related to the German rearmament question.)

The French attitude toward German rearmament, as formulated by the government on October 24, accommodated two important factors in French public opinion: Fear of Germany as a military power, and a willingness to give up a portion of French sovereignty in return for a closer association with other European countries, including Germany, by which France's security would benefit. With respect to the first of these factors, the Assembly in all likelihood trailed somewhat behind public opinion, which had gravitated toward acceptance of the necessity for a German contribution to the defense of the West. It is worth noting, however, that as shown by the Assembly debate of October 24 and 25, it was much less fear of German aggression against France than distrust which motivated most speakers against German rearmament, and specifically feelings that Western Germany (*a*) might embroil France in an irredentist war with the East, and (*b*) might some day forsake an alliance with the West.

As of the end of November, the problem, far from moving toward an early solution, was becoming further complicated by indications that the trend in Germany itself was toward increased opposition to participation in Western defense unless entirely different conditions were met. As far as the French position was concerned, certain possible concessions to the American (but not necessarily the German) point of view were looming up, among them the idea that the political features of the French plan might be left for gradual rather than immediate implementation, and that the size of units to be integrated into the European army might be considered a technical question to be

solved by technical experts. At the end of November, it appeared that a compromise along such lines might be arrived at by the NATO deputies in London.

3. *State of the coalition.* Up to the last week of November, the coalition held together well on all substantive matters of importance: On Indochina, on the extension of military service, and on the question of German armament, the MRP, Socialists and Radicals in the Assembly voted substantially together. Nevertheless, as the period drew to a close certain fundamental differences between the naturally disparate coalition partners asserted themselves, among them most notably the difference over electoral reform. The fantastic parliamentary maneuver on November 28, which nearly resulted in the impeachment of Defense Minister Moch and which prompted Prime Minister Pleven to offer his resignation (which was not accepted), was in fact closely related to the electoral reform question—even though the size of the secret vote against Moch was due to a number of factors among which the MRP's fear of electoral reform was only one. (The personality of Moch, whose tactlessness and sarcasm have made him many enemies, undoubtedly was a factor, although if the MRP had desired to preserve discipline, this factor might have been overcome.)

The attempt to impeach the French Defense Minister was a Communist maneuver which on the face of it was only a minor move incidental to the long overdue winding-up of the Revers-Mast affair.[2] An estimated 40 MRP deputies (out of a total of 145), however, availed themselves of the secrecy of the vote to join the Communists and Gaullists in voting against Moch and thus, perhaps unwittingly, against the very existence of the government in which their party participates. Smoked out into the open by Prime Minister Pleven's demand for a vote of confidence, the MRP closed its ranks again, allowing the government to triumph by 347 to 184, with a majority larger than that which Pleven had received at his investiture. The fact remains, however, that the breaking of the government's ranks not only resulted in ill-feeling and suspicion between the coalition partners, but also brought already existing feelings of distrust and insecurity, largely on the part of the MRP, out into the open.

[Here follows a discussion of the positions of the various political parties on the question of electoral reform and on other domestic issues.]

[2] On November 24 the French National Assembly had received and discussed the report of a special commission of inquiry concerning the "affair of the generals," involving certain charges against Gens. Georges Revers and Charles Emmanuel Mast in connection with leakage in 1949 of information on the situation in Indochina.

As long as the Far Eastern crisis weighed upon France as heavily as it did when Pleven received his vote of confidence, the coalition appeared reasonably firm. What needed to be defined and adjusted before the elections and perhaps before the end of the year, however, was the basic mutual relationship of the coalition partners—a question that has as yet never received a satisfactory answer and for which in fact there is perhaps no answer.

4. *Factors bearing on France's defense potential.* Aside from the question of Communist strength in France, which is discussed further below in connection with labor developments, the three months under review brought certain notable developments tending to increase France's military power. Under the impact of the Communist aggression in Korea, the military budget, fixed at 420 billion francs in 1950, was first to be increased to 500 billion francs and then (following extensive negotiations concerning U.S. assistance) to 740 billion francs, which figure takes into account MDAP supplementary aid amounting to $200 million (70 billion francs). The French armament effort was thus considerably increased, though some doubt existed as to whether the increase was as large as originally understood at the time when financial assistance was sought from the U.S. The question therefore arises to what extent the additional effort of France represented a political sacrifice.

From the point of view of internal French politics, the government's decision to ask for some 200 billion francs in additional taxes was undoubtedly a difficult one to make. [Here follow discussions of taxation and of the extension of military service to 18 months.]

5. *Labor, and the Communist potential.* Outwardly, the malaise within the Communist Party continued to manifest itself during the last few months: The circulation of its newspapers continued to drop, attendance at party meetings sagged in some places, and the Communist-dominated CGT was under orders to concentrate to such an extent on political slogans (peace, against 18 months military service, etc.) that the non-Communist labor unions, notably the FO and CFTC, managed to achieve a fair amount of success with France's labor force by negotiating minor wage increases, in many cases under the noses of CGT majorities. At the same time, the Communists' capacity to make trouble was seemingly narrowed down by dismissals of prominent agitators in certain key enterprises (such as Renault, Michelin, Ford, Air France) and by the replacement of some 33 Communist mayors in the Paris area.

Nothing would be more unwarranted, however, than to conclude that the Communist Party's capacity to commit armed or unarmed mayhem and sabotage at a critical moment in France has proportionately suffered, or even suffered at all. The emphasis within the party has

been on an expansion and hardening of the cadres for such an eventuality. Moreover, there was no reliable evidence that the Communist voting strength in France was on the decrease. In fact, one poll, conducted by the fairly reputable Institut Français d'Opinion Publique, even charted a slow rise in Communist voting strength during the last summer, leading to an all-time high in August (32%).

If Communist potential voting strength actually failed to decline, it was probably do [*due*] in part to the relative success of the party's "peace" line, but doubtless also due to the continual, creeping advance in the cost of living. Due to seasonal factors, rises on world raw materials markets and due also to the absence of effective deterrents to profiteering, the Paris retail price index between August 1 and November 30, 1950 rose from 1,825 to 2,055 (1938 being 100), or by no less than 12.9%. (The retail price index accords a heavy weight to food items, whose rise was to an important extent seasonal.) No great outcry greeted the rise in living costs, except initially in the Communist press, but since the CGT did not appear willing to join a major battle for wage increases and since the field was left to the quiet workings of the non-Communist unions who for political reasons were not prepared to call for strikes, the price question, however important it might be to the average family, peculiarly enough did not become a major political issue during the period under review. The readjustments in the wage structure attendant to the recent setting of a national minimum wage scale, moreover, brought many money wages to a higher level so that on the whole it might be said that about two-thirds of France's workers merely saw their recent gains wiped out, or had their gains consist in catching up to the position that they held before. In any event, whatever grievances existed prior to the setting of the minimum wage schedule in August 1950 were equally valid three-and-a-half months later, as of the writing of the present report. Those workers who had not fallen behind were at the self-same level of hardship that had been theirs before.

Summary and conclusion. The trends that could be singled out for analysis during the period under review do not add up to any one resultant conclusion. With respect to foreign policy, a trend might be discerned in the direction of having France attempt again to play a moderating role in the councils of the West. With respect to German rearmament, in particular, no major trend could be discerned as of the end of the period, although there was a willingness to entertain limited compromise proposals. With respect to the internal stability of the government, the trend appeared to be in the direction of somewhat lessened coherence, with new crises and difficulties a distinct possibility. Militarily, an improvement of France's position was foreshadowed by the increases in its budget and in the period of military

service. Surface manifestations appeared to point to a lessened popularity of the Communist Party, but available evidence tended to raise doubts as to whether the party's voting strength had suffered. On balance, the period from the end of August to the beginning of December did not bring significant progress toward the consolidation of military strength, social equilibrium and political unity toward which the majority of Frenchmen profess to strive.

DAVID BRUCE

751.5 MAP/12–1850

The Department of State to the French Embassy

TOP SECRET

AIDE MÉMOIRE

Representatives of the Government of France and of the Government of the United States have recently concluded a series of discussions with respect to the plans of the French Government for making the defense effort appropriate to its responsibilities under the North Atlantic Treaty. They have also reviewed the critical situation presently existing in Indo-China. They have jointly examined in preliminary fashion the capacity of the French economy to undertake an effort of the magnitude envisaged.

The United States Government believes that a military effort by France of the general magnitude and character envisaged would be a vital contribution to the defensive strength of the North Atlantic area and should be vigorously pursued. The Government of the United States is, therefore, prepared to do what it can and should properly do to see that this general program, as a major step in creating the military strength which will be required by the North Atlantic Treaty Medium Term Defense Plan and subject to modifications that may be required by the further development of that plan, can be carried out by the French Government without seriously impairing the political and financial stability of France. The Government of the United States is also fully aware of the importance to the free world of the defense of Indo-China against Communist aggression and is prepared to assist in the efforts now being made or which may in the future be agreed as necessary for this purpose.

The Government of the United States attaches great importance to the necessity of arriving promptly at firm decisions through the North Atlantic Treaty Organization both as to the responsibilities of the member nations under the Medium Term Defense Plan and as to the equitable sharing of the economic and financial burdens ensuing therefrom. The Government of the United States, therefore, proposes to

do what it can to accelerate the work in that organization to achieve an early and mutually acceptable solution of these problems.

The Government of the United States has given careful consideration to the statement regarding the French economic and financial situation in 1951 made by the representatives of the French Government. The need of the French Government for immediate assistance in its military effort, both with respect to its North Atlantic Treaty responsibilities and its military efforts in Indo-China, is accepted.

The Government of the United States has already undertaken the delivery of large quantities of military equipment both to France and to Indo-China, and programs for further deliveries are being rapidly developed. In addition to the initial program of equipment for Indo-China, delivery of which is expected to be substantially completed by the end of 1950, the Government of the United States is undertaking to supply further quantities of equipment based upon the requests previously made by the French Government. This equipment will be supplied on the expectation that the French authorities will accomplish the formation and training of the national armies in Indo-China as described by them, and the equipment of those armies from the programs of further deliveries mentioned above. The allocation of this assistance as between armies of the French Union and national army contingents of the Associated States will be determined according to procedures to be specified in the pentalateral agreement presently under discussion in Saigon.

It is anticipated that these programs of aid to France and Indo-China will amount to the largest share of the total of approximately four and a half billion dollars available to the United States under existing legislation for Fiscal Year 1951 for provision of military end items both to the twelve North Atlantic Treaty powers and to the general area of China. This assistance, together with assistance being provided under the Fiscal Year 1950 Mutual Defense Assistance Program will provide a very important part of the equipment required by the French forces contemplated in 1951 in France and by current operations in Indo-China. Deliveries of equipment are being expedited, and with respect to Indo-China particularly high priority has been assigned.

The Government of the United States, in considering the immediate needs of the French Government for other than end-item aid, has been impressed with the difficulty of accurately estimating these needs. The exact size and nature of the responsibilities of the Government of France under the Medium Term Plan and the corresponding production program remain to be determined. Other relevant factors on which judgment is now difficult are the magnitude of the inflationary problem in France and the most appropriate means of dealing with it, the

prospective French balance of payments deficit, and the necessary government expenditures and possible sources of income.

In view of these uncertainties and in view of the joint desire of the Governments of France and the United States to deal promptly with the problem of equitable distribution of the economic and financial burden of the defense effort on a multilateral basis through the North Atlantic Treaty Organization, it is considered not feasible at this time to determine the appropriate total amount and nature of assistance which the Government of the United States should contribute to the Government of France to carry out the military effort which it proposes for 1951.

Recognizing that the undertaking of such a military effort is of the greatest importance in achieving the objectives of the North Atlantic Treaty and in restoring order in Indo-China, that such an effort should be undertaken as quickly as possible, and that the Government of France, to undertake this kind of military effort, must utilize substantial resources which must be drawn from external sources, the Government of the United States is, however, prepared immediately to provide the Government of France with certain assistance and assurances in order that it may carry on this program.

The Government of the United States, therefore, proposes, in addition to aid in the form of the end-item programs referred to above, to assist the Government of France in carrying out its projected programs for procurement production and military construction by providing aid therefor to the value of two hundred million dollars. Except as Congress may extend existing authority to a later date, this figure covers obligations which must be incurred prior to June 30, 1951, from funds available to the United States for Fiscal Year 1951, which extends through the first half of the French Fiscal Year 1951.

Full account will, of course, be taken of the amount of this immediate assistance in the multilateral discussions which will shortly take place in the North Atlantic Treaty Organization with respect to dividing on an equitable basis the burden of implementing the Medium Term Defense Plan. These immediate proposals of the United States will in no sense constitute a precedent and shall be without prejudice to any subsequent arrangements as to assistance which might be furnished to aid the French Defense effort.

This amount will be made available in accordance with the following understandings and arrangements. It is understood, based on the recently concluded conversations, that the Government of France intends (*a*) to proceed during 1951 with a military effort both in France and in overseas territories, including Indo-China, substantially conforming to that which it has presented; (*b*) to execute promptly

the high priority production projects recommended for implementation in France by the appropriate North Atlantic Treaty bodies; (*c*) to conduct further discussions within the framework of the North Atlantic Treaty Organization and with United States representatives regarding the French defense program as it is developed and refined; (*d*) to take vigorous measures to combat inflationary pressures by all appropriate means, including necessary adjustments of import and credit policies.

More specifically, in order to enable the Government of France to carry out its projected programs of military production, procurement and construction, the Government of the United States is willing to agree to give assistance in the above amount and of the character hereinafter indicated, as follows:

A. To accept as appropriate for United States assistance the programs of procurement, production and military construction which are proposed in the budget submissions and supplementary data which have been made available by the Government of France, subject, however, to the provisions of paragraph D below, and to modifications therein or deletions therefrom for purposes of administering United States assistance in cases where (1) an item or project scheduled for procurement, production or construction is considered to be of an unacceptable type by the appropriate North Atlantic Treaty body; (2) an item or project is not clearly required either to enable the Government of France to carry out its role as defined under the Medium Term Plan or to meet specific needs in overseas territories, including Indo-China; or (3) such deletions or modifications may be necessitated by United States legal requirements or may be mutually agreed upon.

B. To furnish those items necessary for the effective carrying out of the foregoing production, procurement and military construction programs, subject to such modification as may be required by the criteria set forth in paragraph A above, which (1) must be imported by the Government of France and paid for in non-European Payments Union currencies; (2) are available for procurement; (3) may legally be provided as assistance under the Mutual Defense Assistance Act of 1949, as amended, and any other applicable legislation; and (4) comprise (*a*) production equipment, raw or other materials, components, licenses, and technical assistance required in or for such procurement of production, (*b*) military equipment or materials of the character customarily supplied by the Government of the United States under its end-item program, or (*c*) equipment, materials or services necessary for the effective implementation of military construction projects. Except in the case of military end-items, which will be justified and screened in accordance with the procedures heretofore normally employed in connection with the end-item program, criteria and procedures for justifying assistance of this type will be similar to those heretofore applicable to United States assistance for increasing military production abroad.

C. In consideration of the fact that the undertaking of these larger programs of procurement, production and construction, when coupled with the balance of the greatly increased defense effort proposed by the Government of France, will make it necessary for the Government of France to draw increasingly on external resources, the Government of the United States will assist France in obtaining such increased resources by procuring from or through the Government of France, out of Fiscal Year 1951 MDAP funds for use in meeting the requirements of France and of other North Atlantic Treaty countries (including the United States), or for use in connection with military operations in Indo-China, military materials which are to be produced in France under the programs referred to in A above or which the Government of France may otherwise be able to make available. The specific materials to be procured and the precise terms of payment and delivery will be subject of further negotiation and agreement.

D. The acceptance of the programs referred to in paragraph A above is based upon the understanding that the Governments of France and the United States, in the course of further discussions of the programs as they are developed and refined, and in light of such recommendations as may be forthcoming from the appropriate NATO bodies, will reach agreement as to the items to be produced in France. The Government of the United States reserves the right, in cases where the two Governments have mutually agreed that the production of particular items can be more advantageously undertaken elsewhere, to substitute, in lieu of assistance of the character described in paragraphs B and C above, assistance in the form of aid in the procurement of such items outside of France for transfer to France.

E. In view of the heavy current demands on the resources available to the Government of the United States, it is understood that United States dollars received by France as a result of procurement of end-items in France, are to be used, not to increase reserves, but (*a*) to pay for imports which must be purchased with non-European Payments Union currencies and which are required to assist in preventing inflation which might otherwise result from the increased defense effort, and (*b*) to meet gold or dollar obligations to European Payments Union arising directly or indirectly out of the French production program.

With respect to the longer range problem, the Government of the United States believes that the following observations will help to avoid any possible future misunderstanding:

First, the Government of the United States recognizes the importance of North Atlantic Treaty countries maintaining political and economic stability adequate to support their respective responsibilities in the cooperative defense effort.

Second, the Government of the United States wishes to note, however, that in view of the magnitude of the defense effort which it is itself undertaking and the probable size of the effort required of all North Atlantic Treaty countries over the next several years, the whole character of the economic problem may change and the level and form of assistance which the Government of the United States may

be able to provide to France and to other countries requesting assistance may be severely affected not only by financial considerations but also by limitations of physical resources, and more particularly by shortages in many essential commodities.

Third, the Government of the United States, in negotiating the amount of any assistance to be provided in connection with the total defense effort of France must necessarily take into account the relative degree of effort and need represented by the requests of the Government of France and of other members of the North Atlantic Treaty Organization in the light of the findings of the North Atlantic Treaty Organization concerning the requirements of an effective Medium Term Plan and an equitable distribution of the defense burden. The Government of the United States hopes and expects that such a program will be developed along the general lines of the procedures set forth in the United Kingdom–France–United States draft of October 2, 1950.

Fourth, in view of the heavy demands on current resources of all the North Atlantic Treaty partners arising out of their intensified military efforts, it is the view of the Government of the United States that it would not generally be appropriate that economic contributions designed to bring about an equitable distribution of the common burden should have the effect of increasing gold and foreign exchange reserves of any recipient member. Hence, particularly careful scrutiny must be given to proposals for mutual aid to countries whose gold and foreign exchange reserves are increasing or seem likely to increase.

Fifth, the assistance herein proposed is without prejudice to the level of aid to be provided to the Government of France under the Economic Cooperation Act of 1948, as amended, and to any future adjustment thereof which the United States may determine is necessary or desirable.

Sixth, firm commitments on aid, within the limits of appropriated funds, must be on a United States fiscal year basis, but the Government of the United States recognizes a strong moral commitment, as in European Recovery Program, to continue to support a program which, in fact, is unavoidably an operation over several years.

WASHINGTON, December 18, 1950.

751.001/12–2750 : Telegram

The Chargé in France (Bohlen) to the Secretary of State

SECRET PARIS, December 27, 1950—6 p. m.

3645. Dual themes developed by Thorez [1] in his September report to Party Central Committee that peace hangs by thread, but war is not inevitable, still are regularly echoed by CPF organs here. On

[1] Maurice Thorez, leader of the Communist Party of France (CPF). An analysis of current speculation as to the possible causes and consequences of his illness and subsequent departure on November 11 for the Soviet Union was presented in despatch 1373 from Paris, November 29, not printed. (751.001/11–2950)

one hand possibility of general war despite Soviet efforts to prevent it remains explicit in French Communist argumentation. Militants are reminded never underestimate grave threat to peace represented by US plans for world conquest. On other hand, still heavier stress is given theme of efficacy of world peace movement as war preventive. Its forces if properly organized are now held be stronger than those of imperialist camp. Thus while prophesying war, CPF propaganda continues concentrate main attention on argument war may be averted "while there is still time" by growing unity and efforts of world "peace front".

According reliable sources close to CPF, Communists and fellow-travelers who lately expressed acute fear of general war are becoming more and more encouraged by what they regard as increasing success of "peace" line. Turn of events in Korea, which they see as radically changing international picture, have of course contributed in no small part to this renewal of confidence. It is further noteworthy, however, that our failure use atomic bomb despite our reverses in Korea is firmly regarded in these circles as triumph for Stockholm Appeal and vindication of popular mass action for "peace". Allegation we have not "dared" resort atomic weapon in face of consciously alerted world opinion is being adroitly exploited in campaign to reinforce unity of action within "peace front". While reflecting renewed confidence, party leaders are still careful warn against undue optimism. They point out that US is now making serious preparations for war which could break out unless "all peace forces" are effectively mobilized and for that reason intensification of "peace campaign" remains most important task at hand.

In carrying out that task in France, CPF is now mobilizing "peace" forces in vigorous drive in opposition to German rearmament. CPF Politburo has given anti-German rearmament campaign top priority as well as top billing in Communist press and is according it virtually undivided attention. As in its recent attempt to divert neutralist current to its own ends, CPF is entrusting organizational initiative of campaign to Peace Partisans in order penetrate and win over widest possible strata of French opinion against same ideological backdrop of defense of "national independence". First major step was taken Christmas weekend by Peace Combatants who proceeded set up local plant and village committees and initiated nationwide door-to-door canvass (modeled on that of Stockholm Appeal) for purpose of collecting signed "ballots" which are designed constitute national "vote" in opposition German rearmament. So far more than two million "ballots" have been circulated throughout country. This Communist-sponsored campaign now in process of launching may be expected

develop with mounting intensity and much variety over coming weeks and months. Like similar campaigns previously developed within framework "defense of peace", its central purpose is clearly spread disunity and paralyze or retard Western defense to greatest possible extent, while simultaneously reinforcing world "peace front" in whose rising strength and unity Communists affirm sole safeguard against general war now resides.

Department pass Moscow. Sent Department 3645; repeated information Moscow 148, Rome 266, London 895, Berlin 33, Frankfort 432. Berlin Eastern element.

BOHLEN

751.5 MAP/1–1551

The MDAP Section of the Embassy in France to the Department of State [1]

SECRET PARIS, January 15, 1951.

No. 1900

Subject: MDAP Monthly Report No. 11 (December 1950)

I. *General*

The negotiations which began in October concerning the extent of U.S. financial assistance to France in connection with the latter's 1951 Military Production Program were concluded in Washington on December 18 and 19, with the exchange of *Aide-Mémoire*. The U.S., in its *Aide-Mémoire*, agreed to by the French, spelled out the conditions under which the proposed assistance to France would be made available.

In Paris during December officials of the MDAP Section had a number of conversations with French officials concerned with the Military Production Program, including M. Roland de Margerie, of the Foreign Office, General Kahn, Secretary General of the Armed Forces, and M. Bernard de Margerie of the Inter-Ministerial Committee for European Economic Cooperation. Discussed in these conversations were problems which are expected to arise in connection with implementation of the Washington Agreement and the French officials were informed of the nature of the information which would probably be required in this connection.

[Here follow details on the French production program and military budget and on consideration by the MDAP Section of criteria in procedures governing offshore purchases of military equipment.]

[1] This despatch, which referred to despatch 1609 of December 15, 1950, not printed, was sent by air pouch to the office of the Director, International Security Affairs, which had been established in the Department of State on January 8, 1951, as successor to the office of the Director, Mutual Defense Assistance.

II. *Political*

During December the French Government and Parliament took positive and constructive action on important matters connected with national defense and the security of the French Union, while at the same time the Government was more hesitant and the public worried over action taken and contemplated in connection with German rearmament. Hypersensitive to real or suspected shifts in the world policy of the U.S., many Frenchmen began the month worried that UN reverses in Korea would lead the U.S. into precipitate action that would involve us in unlimited war with China and so start a world war whose immediate result would be occupation of Western Europe by the Red Army, and ended it somewhat alarmed that the rising tide of isolationism that they perceived in the speeches of Kennedy, Hoover,[2] and others would lead the U.S. to abandon Europe and thereby expose their country to Soviet invasion at Stalin's leisure.

A major accomplishment of the month was the National Assembly's approval on first reading of the 1951 rearmament budget bill. Although the finance committee had first recommended certain cuts in the 740 billion francs total for military expenditures proposed by the Government, it later, on the pleas of the Ministers involved, accepted the Government's figure. The Assembly approved this by the overwhelming vote of 418 to 180, with only five non-Communists voting against this total (which compared with 420 billions requested a year ago for 1950 outlays). Pleven also won four successive votes of confidence by wide margins on the manner of financing these increased expenditures. As passed by the Assembly, the bill provided for 140 billion francs in new taxes. An extraordinary session of the Parliament was to be held in order to complete enactment of the military budget by January 9.

By appointing General de Lattre de Tassigny High Commissioner in Indochina with both military and civil responsibilities, France showed its determination to maintain its sector of the Asian anti-Communist front. General de Lattre soon managed to raise the morale of the French Union troops and made it clear he would work hard for the creation of a Vietnam army.

As to German rearmament, hesitations of certain Socialist ministers (not including Defense Minister Moch) for a time threatened the unity of the Government over the compromise formula to be submitted by the Deputies to the NAT Council at Brussels. These doubts were nevertheless overcome, and the Brussels decisions were finally received with considerable satisfaction in France. In part this was due

[2] For accounts of speeches by former President Hoover on October 19 and December 20 and by former Ambassador Joseph P. Kennedy on December 12, see the *New York Times*, October 20, December 21, and December 13, respectively.

to the recommendation for the appointment of General Eisenhower as Supreme Commander, but in part also to relief over the prospect of HICOM negotiations with the Adenauer Government on the question of German rearmament, negotiations which Frenchmen were inclined to think would be a lengthy undertaking and so would at least maintain priority in U.S. aid for France's own rearmament.

The issue of German rearmament also colored the French attitude toward a possible meeting of the Council of Foreign Ministers, as proposed by the USSR. The French were in full agreement with their Western partners that the basis of discussion put forward by Moscow was unacceptable, but they did tend to clutch at the straw that a CFM meeting might—despite their skepticism over Russian policy—lay the basis for an agreement that would preclude the necessity of rearming Germany. French Communist propaganda concentrated more and more heavily through the month on attempts to arouse popular hostility against German rearmament, using both an emotional appeal by recalling the horrors of the Nazi occupation and the legal argument that such rearmament would be contrary to the 1944 Franco-Soviet alliance treaty. Although the French Government was preparing at the close of the month a note rejecting the official Soviet thesis on this point, there was considerable feeling in Government circles that the West must avoid any action that could be considered "provocative" while the balance of military forces in Europe was so heavily weighted in favor of the East.

There was no parliamentary threat to the stability of the Government coalition during December. On the first day of the month, Pleven got an especially good vote of confidence following the near-crisis over Moch (see November summary),[3] and on the last day he got the four votes of confidence on the military budget. General de Gaulle shifted his tactics by declaring his readiness to enter a national coalition Government at once, leaving elections to approve a national anti-Communist union rather than be the first step toward the triumph of his own party, on which the RPF leader has hitherto counted. De Gaulle did not, however, lay down his conditions, and the Pleven Government, secure in its parliamentary majority, showed no inclination to step down from office.

[Here follow sections on general economic developments, industrial capacity for defense production, scarce materials, machine tool procurement, material received, end-use and training, additional military production, public affairs, mutual aid, and technical assistance.]

Edward G. Trueblood
Deputy Special Assistant for MDAP

[3] Not printed, but see the similar material in despatch 1585 from Paris, December 13, p. 1439.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND FRANCE AMENDING THE AGREEMENT OF JUNE 28, 1948

[For text of Agreement effected by exchange of notes signed at Washington January 9, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 151.]

AGREEMENT BETWEEN THE UNITED STATES AND FRANCE RESPECTING RELIEF SUPPLIES AND PACKAGES

[Agreement extending the application of the agreement of December 23, 1948, to Algeria, Tunisia, and the French zone of Morocco. For text signed at Paris January 31, 1950, which entered into force on the same date, see 1 UST 224.]

AIR TRANSPORT SERVICES AGREEMENT BETWEEN THE UNITED STATES AND FRANCE AMENDING THE AGREEMENT OF MARCH 27, 1946

[For text of Agreement effected by exchange of notes dated at Paris June 23 and July 11, 1950, which entered into force July 11, 1950, see 1 UST 593.]

AGREEMENT BETWEEN THE UNITED STATES AND FRANCE RESPECTING RELIEF SUPPLIES AND PACKAGES

[For text of Agreement amending the agreements of December 23, 1948, and January 31, 1950, signed at Paris August 3, 1950, which entered into force on the same date, see 1 UST 597.]

ICELAND

RELATIONS OF THE UNITED STATES WITH ICELAND

S/S–NSC Files : Lot 63 D 351 : NSC 40 Series [1]

Memorandum by the Under Secretary of State (Webb) to the Executive Secretary of the National Security Council (Lay) [2]

TOP SECRET WASHINGTON, May 1, 1950.

Subject: First Progress Report on NSC 40/1,[3] "The Position of the United States With Respect to United States and North Atlantic Security Interests in Iceland."

NSC 40/1 was approved as Governmental policy on August 5, 1949. It is requested that this Progress Report dated March 15, 1950 be circulated to the members of the Council for their information.

The Department of State has drawn up and forwarded to appropriate implementing agencies both here and in the field a program designed to decrease the vulnerability of the Icelandic Government to Communist seizure of power. A copy of this program is attached. It is too early to assess the results of this program.

The planning by the Department of Defense is now in advanced stages. When it is completed there will be appropriate consultation between the Departments of State and Defense on the subject of arrangements for rapid implementation of these plans.

The need, adequacy and timeliness of the policy set forth in NSC 40/1 have not changed materially since it was approved, but the conclusion of the North Atlantic Pact has improved the situation.

[Enclosure]

TOP SECRET [WASHINGTON,] November 25, 1949.

PROGRAM DESIGNED TO DECREASE THE VULNERABILITY OF THE ICELANDIC GOVERNMENT TO COMMUNIST SEIZURE OF POWER

(Prepared by the Department of State in Compliance with NSC 40/1)

1. MEASURES TO STIMULATE ICELANDIC SELF-HELP

Measures to be taken by Iceland should be suggested by the American Minister [4] whose approach should be normally through informal

[1] Lot 63 D 351 is a serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

[2] Circulated with a cover sheet, dated May 2, not printed, entitled "National Security Council Progress Report by the Under Secretary of State on the Implementation of the Position of the United States With Respect to United States and North Atlantic Security Interests in Iceland (NSC 40/1)."

[3] For text of NSC 40/1, see *Foreign Relations*, 1949, vol. IV, p. 313.

[4] Edward B. Lawson.

confidential talks with the Foreign Minister.[5] These should take place as soon as the Minister finds it appropriate. In his discretion he may discuss with other Icelandic officials and with one or more of his colleagues representing North Atlantic Pact countries. These discussions should be informal—not a specific suggested program but an interchange of ideas, stimulating interest among top government officials. Emphasis should be on Icelandic action and away from supporting action by outside interests. The measures to be considered by the Icelanders may well include:

a. Stimulation of an informal Home Guard or defense organization along the lines of the groups of young Conservatives who helped the police quell the Communist demonstrations outside the Althing last March. This might take the form of an athletic or physical exercise group.

b. The development of an official Icelandic counterintelligence organization. Arrangements should be made for our Minister to be fully informed of the information which the Icelandic Government has concerning Communist plans.

c. Training and equipping Icelandic guards to protect the Keflavik Airport against sabotage. If outside financial aid is necessary, it may be sought in MAP . . . according to size and character of aid.

d. Training in U.S. police methods for a few officers of the Icelandic police (one such official was trained in New York this year).

2. MEASURES AFFECTING AMERICAN PERSONNEL AT KEFLAVIK

The Minister should use appropriate means to have American personnel at Keflavik briefed on

a. Alertness against possible sabotage,

b. Conducting themselves in such a way as to raise American prestige in the eyes of Icelanders.

3. MEASURES . . .

a. Encourage Scandinavian labor groups to send representatives to Iceland to suggest ways of combating Communism in Icelandic labor groups, and to secure their adherence to the new International Labor Organization.

b. Encourage U.S. labor groups to invite and pay the expenses of an Icelandic Labor group to visit the United States to learn about American labor conditions. This measure may be executed by ECA. . . .

c. Maintain the availability of the Keflavik airport and its facilities and such other installations as are deemed vital by the Department of Defense for the use of the United States and other North Atlantic countries in the event of war by furnishing protection against sabotage and seizure in the event of a communist coup or an attempted invasion by an unfriendly foreign power, such protection to be coordi-

[5] Bjarni Benediktsson.

nated . . . and to continue only until military forces are available to discharge this responsibility.

d. Establish communications to furnish tactical intelligence, if necessary under any circumstance, to U.S. assistance forces.

4. ECONOMIC MEASURES

a. ECA

The administrator of ECA [6] should be reminded by letter that our special interest in Iceland should be borne in mind in considering all projects for ECA assistance to Iceland.

b. The American High Commissioner for Western Germany [7] should be instructed to lend his support to Icelandic efforts to sell Icelandic fish to Western Germany.

5. INFORMATION AND EDUCATION EXCHANGE

The Assistant Secretary for Public Affairs [8] should review the program of his Office for Iceland with a view to improving it. Particular attention should be given to ways of inter-changing students and teachers in conformity with the objectives of the Fulbright Act and finding scholarship aids for Icelandic students to attend American institutions. Published materials and ideas should be supplied to Icelandic leaders to help them to combat communism more effectively.

[6] Paul G. Hoffman.
[7] John J. McCloy.
[8] Edward W. Barrett.

611.40B/5–1550

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] May 15, 1950.

ICELAND

A. OBJECTIVES

The objectives of US policy toward Iceland are the fulfillment of our strategic requirements in the island, the further development of close and friendly relations between Iceland and the United States, and the preservation of Iceland as a free and democratic nation.

B. POLICIES

Our policies toward Iceland are conditioned not only by our general desire to sustain and maintain friendly relations with democratic

[1] Policy statements on various countries were prepared periodically in the Department of State and updated every year or two. The previous study on Iceland was dated August 23, 1949, and is printed in *Foreign Relations*, 1949, vol. IV, pp. 693–702.

governments everywhere but more particularly by the strategic location of the island. Its position along the sea lanes between the US and western Europe and the great-circle air routes between North America and eastern Europe makes it imperative that it be available as a base for operations by the US and the North Atlantic Treaty organization in case of war and, conversely, that it not fall into the hands of a hostile power.

Prior to 1939 Iceland was of little concern to the US because of the negligible commercial exchange between the two countries, the European orientation of Iceland's economy and culture, and the fact that trans-Atlantic air transportation was not sufficiently developed to require the use of Iceland as an intermediate landing point. However, the recent war made it necessary for us to reappraise our attitude toward Iceland in the light of its importance to defense of the Western Hemisphere. Recognition of that importance was manifested in the Defense Agreement of July 1, 1941,[2] providing that US forces would take over the defense of Iceland from the British troops who had undertaken it the year before, and according to which we promised, and gave, scrupulous respect for Icelandic sovereignty and "compensation for all damage occasioned to the inhabitants" by our military activities.

Although this agreement was not automatically terminated by the end of hostilities in Europe, since it provided that it was to remain in effect for the duration of the "present war", the Icelanders viewed it as a temporary, wartime arrangement. In October 1945, we therefore proposed a new agreement designed to satisfy our continuing strategic interests, but the Icelandic Government refused to negotiate for the grant of long-term base facilities. New proposals, modified in accordance with Icelandic views, culminated in the Agreement of October 7, 1946, which terminated the Defense Agreement of 1941 and provided for the interim use of Keflavik Airport.[3] Under this agreement we withdrew our troops from Iceland within 180 days and agreed that the airport built by the US at Keflavik was to become the property of the Icelandic Government. The US received the right to operate the airport, either directly or by delegation, and to use it in connection with the support of our control agencies in Germany. This agreement remains in effect for the period of our maintenance

[2] For the text of the Defense Agreement of July 1, 1941, see Department of State Executive Agreement Series No. 232; for documentation relating to the negotiations for the agreement, see *Foreign Relations*, 1941. vol. II, pp. 776ff.

[3] For the text of the agreement regarding the termination of the Defense Agreement of July 1, 1941, effected by an exchange of notes on October 7, 1946, see Department of State Treaties and Other International Acts Series (TIAS) No. 1566.

of control agencies in Germany, subject to review at the request of either party at any time after 5 years; if no agreement is reached within six months, it may then be denounced to terminate one year later.

On the basis of this agreement we have been operating the airfield through a civilian contractor and have been carrying out a $20 million construction program designed to make Keflavik a modern international civil airport. In addition, the US expends approximately $5 million per year to operate the airport.

During the negotiations leading up to the signing of the Atlantic Pact the Government of Iceland indicated its interest in becoming a signatory but in so doing emphasized that it would have to occupy a special position.[4] Specifically, the Icelanders pointed out that they had no armed forces of their own and no intention of establishing any. Moreover, they insisted that under no circumstances would they allow the stationing of foreign troops or the establishment of bases in Iceland in peacetime. Note was taken of the Icelandic statements and we tacitly acquiesced in their position. At the same time, however, the Icelanders manifested great concern over US capacity and intention to defend the island in case of attack. They evidently decided to sign the Pact, which ran contrary to their tradition of and preference for neutrality, because they recognized that the island's position makes it of inevitable interest to contending forces in any future world war, and because they believed that membership in the NATO offered the best available assurance of security.

This inconsistency between Iceland's unwillingness to undertake any measures in its own defense on the one hand, and its desire for protection on the other, is manifested in the attitude of Icelanders toward the Keflavik airport. Recognition of its strategic importance has led the government to acquiesce in its existence—and to use it as a bargaining point in obtaining such financial and other assistance as they have desired. Nevertheless, they have not only remained opposed to any military measures designed to protect Keflavik against sudden attack but have shown a continuing urge to assume full control over the airport even though they are neither technically nor financially able to operate it.

US policy is therefore designed to minimize or remove any possible cause for complaint about the manner of US operation and to respect the nationalistic susceptibilities of the Icelanders. To this end we negotiated with them an exchange of notes in May 1949 implementing

[4] For documentation on Iceland's participation in the negotiations leading up to the signing of the North Atlantic Pact, see *Foreign Relations*, 1948, vol. III, pp. 720 ff.

the 1946 Agreement.[5] This exchange re-states Icelandic sovereignty over the airport and assures them that they need bear no part of the cost of its operation. It promises that the permanent structures which we have erected since the 1946 Agreement shall become the property of the Icelandic Government upon the termination of that agreement. It provides for the imposition of certain Icelandic sales taxes in the airport area and establishes procedures designed to combat black market operations. Icelanders are promised employment whenever positions become vacant and qualified Icelanders are available. It also sets up a schedule of training of Icelandic nationals in technical phases of airport operation.

Although subject to review in the light of general developments, it remains our policy to attempt to retain operating control of the airport. Consequently, we are fulfilling our commitments with regard to training and employment of Icelanders, but we are not urging the government to increase the tempo of the training program or to make more Icelanders available for employment. Concomitantly, it is our policy should appropriate opportunity arise to seek to persuade the Icelanders to take some steps toward the establishment of a limited defense force of their own and also to accept such more positive measures for the defense of their own territory, particularly the Keflavik airport area, as the NATO may find necessary.

In the further development of friendly relations between Iceland and the US the situation at Keflavik has been and remains the principal obstacle. The mere fact that we are there makes us vulnerable to attack by Communist and chauvinistic elements. The steps mentioned above to remove in so far as possible Icelandic criticism or complaint about our operation of the airport have been designed to strengthen those elements in the people and government which have been and remain friendly to us. We are, moreover, pursuing various policies of assistance. Thus, we have not only extended economic aid through the ECA, but in the allocation of such aid we have taken special account of political repercussions threatening the government as a result of the economic situation. While it has not been possible, because of the interests of the US fisheries, to expand appreciably Icelandic exports to the US, we have rendered such assistance as we could appropriately give in finding markets elsewhere for Icelandic products. We are also, despite some degree of Icelandic apathy, attempting to foster cultural relations through the USIE program.

Democratic institutions in Iceland have a long history of which the people are intensely proud. Nevertheless, the Communist Party, al-

[5] Regarding this exchange of notes, see *Foreign Relations*, 1949, vol. IV, pp. 693 ff.

though its growth has been checked, has suffered no appreciable loss of electoral support in post-war years. In the last election the Communist Party retained the relatively high proportion of 20% of the popular vote and of the Althing seats. The explanation of this paradox lies in part in the apparent tendency of other Icelanders, and probably of many of the Communist voters themselves, to consider the Communists as radical Icelanders first and Communists second. It also lies in part in the skill with which the party has appealed to Icelandic nationalism (while camouflaging its own foreign connections), particularly in its attacks on the US. However, the other parties, and especially the Social Democrats—whose lack of effective leadership has also been a contributing factor to Communist strength—are opposed in general to cooperation with the Communists. It is our policy discreetly to encourage this opposition and to point out whenever possible the true nature of the Communist Party.

Aside from the Keflavik Airport, principal grounds for Communist agitation are to be found in the economic difficulties which have faced Iceland in recent years. The country has suffered from inflation having its origin in the relatively tremendous increase in income from British and US troops during the war and from high priced export markets for fish. This resulted in an increase in the standard of living to a point of unprecedented height, evidently beyond the capacity of the resources of the island to maintain. The economy depends to a unique degree on imports and exports, and the exports are limited almost entirely to fish and fish products. In the face of increasing competition and declining prices in post-war markets Icelandic governments have been faced with the extremely difficult problem of readjustment which has contributed to a good deal of political instability and made them more susceptible to Communist criticism. It has been and remains our policy to encourage the Icelanders to be realistic in their appraisal of the situation and to take the politically distasteful but economically necessary steps to meet it. The establishment in March 1950 of a coalition Progressive-Conservative government which controls the majority of the Althing and which has agreed upon such essential economic measures as a 42% devaluation of the kronor (in addition to the 30% cut last fall), reduction or elimination of export subsidies, and readjustment of cost-of-living and wage indices, gives some promise of a favorable and stabilizing solution.

C. RELATIONS WITH OTHER STATES

Because of its small population of approximately 150,000 persons Iceland's relations with other states are limited both in the scope of Iceland's interests and in the degree to which it is able to participate in international organizations. Thus, although Iceland is a member of the

United Nations, the North Atlantic Treaty Organization, the OEEC, and the Council of Europe, it is not able to take a very active role in those groups. It is our policy to encourage maximum feasible participation.

Iceland's economic relations with other states are both limited and handicapped not only by the size of the country but also by the one-crop nature of its economy. Not only is Iceland weak in bargaining power because it has only one major export but it is also critically dependent on imports for most items of consumption. It is, therefore, particularly important for Iceland that there be developed a multilateral system of international trade which would enable Iceland to export to its natural markets while securing imports from other sources at prevailing competitive prices.

Since the Icelandic population is mainly Scandinavian in origin and since Iceland for centuries was governed by the Norwegian and Danish monarchies, its closest cultural and political ties have been with Scandinavia. The dissolution of the union with Denmark and the formal establishment of the Icelandic Republic on June 17, 1944 were, however, the culmination of a deep and long-standing national independence movement in Iceland. Although the establishment of the republic was a cause of some momentary irritation in Denmark and also in some circles in Sweden, friendly relations have since been firmly established with all the Scandinavian states and Iceland has participated in many of the consultations among the Scandinavian governments. However, its political connections with Scandinavia are now of less significance than its relations with the UK, the US, and the NATO. Moreover, since the principal item of Icelandic export is also an export commodity for Denmark and Norway there is little basis for trade with the Scandinavian countries.

For centuries Iceland has tacitly fallen within the sphere of British naval protection and has benefited accordingly. During World War II primary responsibility for military security shifted from England to the US, and now this responsibility lies in the NATO. The UK continues, however, to be one of Iceland's most important trade connections both as a market and as a source of supply. Opportunities for further expanding trade between the two countries are limited because England has its own extensive fishing industry, but it has been our policy to encourage the maximum possible amount of trade between these two countries, particularly in view of the very limited market for Icelandic fish in the US, and the difficulties of finding markets elsewhere.

Icelandic relations with the Soviet Union date almost entirely from the end of World War II. During 1946 and 1947 the USSR, apparently

for political reasons, negotiated trade agreements highly favorable to Iceland, but efforts of the Icelandic Government to renew these agreements have been unavailing. This failure has been made the object of Communist attacks accusing the government of ignoring the more reliable markets of eastern Europe, although in fact there has been an appreciable amount of trade with both Poland and Czechoslovakia. In the summer of 1948 the USSR instead of agreeing to buy Icelandic fish sent a fishing fleet apparently under the command of Russian naval officers to the Icelandic fishing grounds. The ships did engage in a certain amount of fishing, but it was a common assumption among the Icelanders that their chief objective was "espionage". When the vessels reappeared in the autumn of 1949 there was considerable unfavorable publicity when several of the ships were found guilty of fishing within territorial waters and were heavily fined by the Icelandic courts. While the Soviet Union as a result of these fishing expeditions has not advanced its own interests in Iceland, it has retained through the Communist Party an active instrument for attacking the US. The party and its newspaper carry on constant propaganda against the ECA, the Keflavik Airport Agreement, and the alleged imperialistic designs of the US.

Iceland has also sought to re-establish contact with traditional markets in southern Europe and during the past year trade with two of these, Italy and Portugal, improved somewhat. Because Spain has also been traditionally a very important market for salted fish the Icelandic Government in 1949 alone among the Scandinavian countries exchanged with Spain a chief of mission with the rank of Minister, on grounds that the step was justified by Iceland's urgent commercial requirements.

Since the war Iceland has also been carrying on relatively important trade with Germany, but because of the revival of the German fishing fleet the markets there are contracting and their future appears very uncertain. We have recently attempted to assist Iceland in its efforts to obtain a suitable trade agreement, operating within the limits of our policy of leaving German economic affairs largely in German hands. An agreement has been reached, but it provides for German purchases which are appreciably smaller than they were in recent years and than the Icelanders desired.

D. POLICY EVALUATION

During the past year US policies toward Iceland have resulted in some success in the achievement of our objectives. The period of political instability which ensued upon the dissolution of the coalition government and the parliamentary elections of October 1949 appears to have been terminated, at least for the time being, by the establishment

of a two-party government which has a majority holding 36 of the 52 Althing seats. Although serious economic difficulties with potentially explosive political implications continue to face Iceland, the program which the new government has adopted should contribute to a solution of some of the basic problems and offers some hope for reduction in Icelandic dependence upon extraordinary economic assistance. At the same time, the Communist Party, though not seriously weakened, has been checked in its growth.

Our concessions to Icelandic wishes regarding the operation of Keflavik airport and our efforts to assist them in various ways have not been without favorable effect. Moreover, intemperate Communist criticism of the US in connection with the ERP, the NAT and the Keflavik Airport has been in some measure self-defeating; it inhibits the development of a purely nationalistic anti-Americanism among the more "respectable" elements of the population, because it almost automatically tars with the Communist brush anyone echoing their attacks. Nevertheless, although Iceland has officially identified itself more closely with the democratic world by adhering to the NAT and becoming a member of the Council of Europe, Icelandic parochialism and nationalism continue to be a significant factor in Icelandic behavior and remain as an obstacle to closer relations between Iceland and the US.

This applies to our relations in general but it is particularly relevant to our position at Keflavik. There remains strong popular distaste for the presence of even civilian representatives of a foreign government at the airport. Consequently, all political parties have now gone on record as favoring Icelandic assumption of operational control at least as soon as the current agreement expires. This does not necessarily mean that we are faced with the negation of our strategic interests in the island, but it does mean that their fulfillment will probably have to be achieved through the NATO, rather than on the basis of an extension of the present Keflavik Agreement.

Editorial Note

In a memorandum of October 31, 1950, to the Executive Secretary of the National Security Council, James C. Lay, Under Secretary of State James C. Webb transmitted a Second Progress Report on NSC 40/1, "The Position of the United States With Respect to United States and North Atlantic Security Interests in Iceland". The brief report concluded as follows:

"Considerable progress has been made in overcoming the unsatisfactory situation in the security of Iceland and US unpreparedness to

meet that situation, which together gave rise to NSC 40/1. The potentialities in the problem of the security of Iceland, however, remain grave and allow for no relaxation of our alertness or our efforts in this direction." (S/S–NSC Files: Lot 63 D 351: NSC 40 Series)

At its 71st meeting on November 9, 1950, the National Security Council noted and discussed this progress report "with particular reference to the possibility of increasing Icelandic cooperation in this matter." (NSC Action 382: S/S–NSC (miscellaneous) Files, Lot 66 D 95, NSC Actions)

Concerning the First Progress Report on NSC 40/1, see page 1457.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND ICELAND

[For text of Agreement effected by exchange of notes signed at Washington February 7, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 154.]

IRELAND

RELATIONS OF THE UNITED STATES WITH IRELAND

611.40A/8–1550

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] August 15, 1950

IRELAND

A. OBJECTIVES

US objectives toward Ireland are to maintain and strengthen the friendly relations which traditionally have existed between the peoples of the United States and Ireland, to encourage the participation of Ireland in international affairs, and to ensure in so far as possible the collaboration of Ireland as an ally with the western powers in any future conflict.

B. POLICIES

Political. Close and cordial relations have traditionally existed between the United States and Ireland. A strain was placed upon these relations by the Irish policy of neutrality during the recent war, but specific issues arising out of that neutrality have been settled between the two governments. There has been a distinct improvement in the overall state of our relations and concrete cases of agreement and advance can be cited. Ireland participates in the European Recovery Program and has shown a cooperative and helpful attitude in the OEEC. Recent months have seen the signature by the two governments of a Treaty of Friendship, Commerce and Navigation, a Consular Convention, two conventions for the avoidance of double taxation, and an agreement for the waiver of visa fees. Agreement was also reached for the elevation of our respective legations to the rank of embassies, a change which was effected in April of this year.[2]

[1] Policy statements on various countries were prepared periodically in the Department of State and updated every year or two. The previous statement on Ireland was dated October 1, 1948, but apparently all copies were destroyed upon receipt of this revision. Copies of the source text were sent to Moscow, Paris, Brussels, London, Pretoria, Ottawa, Canberra, Wellington, Dublin, and the United States Mission to the United Nations.

[2] For the text of the Treaty of Friendship, Commerce, and Navigation, signed at Dublin on January 21, 1950, see Department of State Treaties and Other International Acts Series (TIAS) No. 2155; for the text of the consular convention, signed at Dublin on May 1, 1950, see *ibid.*, No. 2984; for the texts of the two conventions on double taxation, signed at Dublin on September 13, 1949, see *ibid.*, Nos. 2355 and 2356; for the text of the agreement on the waiver of visa fees, effected by an exchange of notes at Dublin on August 1, 1949, see *ibid.*, No. 2050.

In the international field the Irish Government has shown a somewhat greater willingness to collaborate with other powers. Besides taking a leading role among the small nations in the OEEC, Ireland has become a member of the Council of Europe, and has increased the number of its diplomatic missions abroad.

In spite of these favorable developments there are certain matters which constitute irritants or areas of uncertainty in Irish relations with other governments. Thus, for example, it appears likely that the Irish will seek to continue their policy of neutrality in the event of war. Although they desire Catholic solidarity in opposition to Communist advance, and are clearly in the western camp ideologically, this orientation is counterbalanced by a fear of becoming involved in atomic warfare, wishful thinking that neutrality can be maintained, and that belief that they are afforded a shield by British and west European defenses. Similarly, Ireland's increasing cooperation with other states is hampered by isolationist and parochial viewpoints which are still powerful in that country, while participation in the Council of Europe appears to be motivated as much by determination to air claims to the six counties of Northern Ireland as by desire to play a more constructive role in international affairs.

The United States wishes to encourage the participation of Ireland in international organizations as a means for overcoming Irish isolationism, lessening the likelihood of Irish neutrality in a future war, and obtaining Ireland's cooperation in broad aspects of our foreign policy. We have supported Ireland's application for membership in the United Nations, which has twice been vetoed by the Soviet Union. We have urged the Irish Government not to withdraw its application, even though we can hold forth little hope that the veto will not be used again, and have stated that we would support Irish applications for membership in specialized agencies of the United Nations.

The question of partition—the political separation of the six counties of Northern Ireland, which are an integral part of the United Kingdom, from the Republic of Ireland—remains the principal issue in Irish domestic and foreign policy. Agitation of this matter lessens the usefulness of Ireland in international organizations and complicates strategic planning for western Europe. In 1948 the Irish Government refused an invitation to join the North Atlantic Treaty, on the grounds that it could not do so as long as partition exists. The Government later protested those terms of the Treaty which in its view had the effect of guaranteeing the borders of Northern Ireland. The signatory powers have taken the position that questions of this kind do not fall within the purview or the purposes of that Treaty.

It is desirable that Ireland should be integrated into the defense planning of the North Atlantic area, for its strategic position and

present lack of defensive capacity are matters of significance, but this cannot be done upon the terms at present advanced by the Irish Government. The United States could not enter into a purely bilateral defensive relation with Ireland, because of the adverse effect which such action would have upon the solidarity of the NAT organization; the fact that it would be tantamount to a unilateral guarantee of Ireland's security by this country; and the precedent it would provide for other nations who desire similar undertakings on our part. In the absence of full Irish cooperation, we look to the United Kingdom to continue, and if necessary to expand, its present function of supplying military equipment to Ireland and planning for the defense of the British Isles.

Efforts are constantly being made by and on behalf of the Irish Government to induce us to intervene with the United Kingdom to end partition by bringing about the forcible union of Northern Ireland with the Republic. We have consistently taken the position that the altering of political boundaries between these two friendly states, or other arrangements affecting their internal political affairs, are not matters in which we can properly intrude. We believe, moreover, that while a mutually satisfactory solution of the question would be desirable, as a stabilizing factor in Anglo-Irish relations and an encouragement to increased Irish collaboration in political and military matters, any settlement arrived at by the two interested powers should provide suitable guarantees for the strategic unity of the British Isles in time of war, so that the full cooperation of Ireland would be assured and bases and other necessary facilities would be made available.

In the absence of some such settlement our policy is to facilitate good relations between Ireland and the United Kingdom, always observing the principle of our non-intervention in matters of domestic and primary concern to the two governments. Maintenance of this principle is rendered difficult by the pressure of Irish-American groups in this country, particularly in Congress, and by active propaganda which is carried on by Irish diplomatic and consular representatives here and abroad. The interjection of Irish issues into US domestic politics is, however, less influential than formerly. We should avoid being drawn into discussions of the rights and wrongs of such issues and demonstrate by words and actions our neutrality on the partition question.

As a means of improving relations and correcting misconceptions of the United States on the part of the Irish people, we will shortly inaugurate a modest program of information and educational exchange in Ireland. This will be designed to present US policy through the press, radio and films; to increase knowledge of American life through a US Information Library, and by educational exchanges;

and to give in music, lectures and literature a true picture of American culture.

Economic. In applying the objectives of our policy to the economic field, we desire to encourage the cooperative participation of Ireland in the European Recovery Program and in our general program for the expansion of world trade and employment. We desire to facilitate harmonious economic relations between Ireland and the United Kingdom, to the benefit of both countries, as well as with other countries, and to encourage the improvement of Irish agriculture and industry as a contribution to the economic recovery of western Europe.

Ireland participates in the European Recovery Program because its economy, which deteriorated during the recent war, is an important part of the British economy and Ireland faces an acute dollar problem as a result of dependence on the United Kingdom for foreign exchange. The country's dollar earnings have always been but a small part of its dollar outlays and postwar economic problems have increased the dollar deficit. The pattern of Ireland's balance of payments is such that most earnings from exports and other items come from the United Kingdom in the form of sterling, but imports and other services from abroad are much more diversified as to source and include a substantial amount of dollar goods. In the past, Ireland obtained its dollar requirements through the conversion of sterling earnings. However, British postwar economic difficulties obliged Ireland to agree to the severe limitation of the amount of sterling to be converted into dollars. Were Ireland not a participant in the ERP, her current dollar requirements would remain a burden on the United Kingdom. Thus ECA assistance to Ireland is of benefit to both countries.

Under the ECA program there will be a gradual reduction in Ireland's dollar deficit, which it is estimated will be 35.3 million dollars in 1951–52, the last year of the ERP, as against 65.8 million dollars for the current fiscal year. Since this deficit, if the estimate is correct, will still exceed the amount of ECA aid likely to be available in 1951–52 by more than 10 million dollars, either some carrying forward of aid from the current year, or some net drawing on the sterling area dollar pool, or a reduction of Ireland's dollar imports, will be necessary. Over the long-run the dollar deficit should again be covered by converting sterling, as improvement in the dollar position of the sterling area permits. However, the financing of Ireland's dollar deficit after 1952 remains a continuing problem. The nature of the arrangements to be made in this matter may have an important bearing on Anglo-Irish relations and, indirectly, on Irish relations with this country.

Our policy accordingly is to encourage the Irish Government to make all possible efforts to narrow, although it can probably never eliminate, the serious dollar gap and to develop the country's economy. In the past the Irish have taken too defeatist an attitude toward the dollar problem and a good many extra dollars could be earned, particularly by a more progressive attitude toward tourism and greater efforts to expand exports to dollar markets. We are therefore urging the Irish Government to make the maximum use of the ECA technical assistance program with which Ireland has recently become associated. It is hoped that Ireland in this way may be assisted toward a more balanced economy, a solution of its chronic unemployment problem, and a substantial reduction of its annual dollar deficit.

The amount of dollars to be made available to Ireland during the final years of the ERP, and the form such assistance should take, are also problems requiring continuing consideration. The former policy issue as to whether assistance to Ireland should be entirely on a loan basis has been resolved with the allocation of a token grant of three million dollars to Ireland for the fiscal year 1950, although the loan-grant ratio to be applied to Ireland must await future determination.

With respect to the removal of exchange controls and import licensing vis-à-vis other participants in the OEEC, a policy which the United States is promoting as one of the first steps in economic coordination in western Europe, Ireland is cooperating well. Ireland has never engaged in state trading to any appreciable extent and quantitative restraints on imports are minor. As a member of the sterling area, Ireland has not operated exchange controls against imports from the United Kingdom, and late in 1949 Ireland took steps to liberalize exchange controls as they affected other OEEC participants. Nearly 64 percent of Irish imports from all other participants, with the exception of Belgium, Switzerland and Western Germany, are now free of controls. Moreover, as a matter of general policy Ireland has favored strengthening of the OEEC and increased economic collaboration among its members.

Continued cooperation from Ireland along these lines is to be expected. However, steps in European integration involving either a customs union or abridgement of sovereignty are not likely to obtain Irish support. As a new nation Ireland is highly conscious of its sovereign status and strongly protectionist, using tariffs in an effort to build up industries in which it is seriously deficient.

The United States wishes to obtain Ireland's participation in the program for the expansion of world trade and employment, of which the General Agreement on Tariffs and Trade and the Havana Charter for an International Trade Organization are the main features. Ireland

has signed the final act of the Havana Charter, although it has not yet definitely accepted the Charter. Ireland is not a signatory to GATT, but the Irish Government has indicated that it is seriously considering acceding to that Agreement. We recognize, however, that even should Ireland accede, it would have to maintain certain restrictions on trade and financial transactions because of the dollar deficit, and we would not expect the Irish Government to be able to implement immediately the obligations it would assume under GATT and the ITO Charter. The United States does not have an agreement with Ireland under the Reciprocal Trade Agreements Act because the extraordinary one-sidedness of Irish-American trade has offered little basis on which the two governments could enter trade negotiations.

Economic affairs in general offer the most promising area for the constructive development of Irish-American relations. To provide a modern and comprehensive basis for these relations, a Treaty of Friendship, Commerce and Navigation was signed in Dublin in January 1950. The signature of this Treaty, and the conclusion of two conventions for the avoidance of double taxation, extended the area of agreement between our two governments. The chief outstanding issue with Ireland in the economic field today is our desire to revise the bilateral Civil Aviation Agreement of 1945 [3] in accordance with overall US aviation policy of favoring international air transport free of artificial restrictions. In the fall of 1949, a third unsuccessful attempt was made to renegotiate this Agreement in order to eliminate the mandatory stop at Shannon and obtain landing rights in Dublin. On alleged grounds of economy, the Irish representatives refused to agree to these changes, although it has become clear that the chief obstacle to concurrence lies in the political consequences for the coalition government should it agree to an apparent reduction in the importance of Shannon and western Ireland. US objectives were squarely put to the Irish, in a note from our Mission, when it became evident that their negotiators were under instructions to deny our requests.[4] This note remains unanswered and there is no indication that the Irish Government will reply in the absence of strong pressure on our part. We have chosen for the present to leave the matter as an unresolved issue rather than force a negative reply to our note. We will, however, continue to press for a revision of the Agreement as circumstances may warrant.

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[3] For the text of the Civil Aviation Agreement, effected by an exchange of notes signed at Washington on February 3, 1945, see Department of State Executive Agreement Series No. 460.

[4] The text of this note was transmitted in telegram 179, December 24, 1949, to Dublin, not printed (711.41d27/11–2149).

C. RELATIONS WITH OTHER STATES

Ireland has no diplomatic relations with the USSR and Irish Catholicism tends to align the country with the western powers in the present ideological conflict. There is no Communist Party in the Irish Republic, although there are a few small and insignificant front organizations and a Communist Party exists in Northern Ireland.

Ireland's relations with the United Kingdom remain the most important consideration in Irish foreign and economic policy. Anything which tends to estrange or impede the development of good relations between those two countries tends also to weaken the strategic unity of the British Isles and to injure the functioning of their complementary economies. Our desire accordingly is for the improvement of Anglo-Irish relations, in the hope that the legacy of past bitterness may be dissipated to the advantage of both nations.

British acquiescence in Ireland's neutrality during the war had a salutary effect on promoting a better Anglo-Irish political temper. With the establishment of a coalition government in Ireland in February 1948 the two countries appeared to be entering upon a new era of friendship. It was therefore a surprise when in the fall of the same year Prime Minister Costello announced that Ireland would repeal the External Relations Act, and thus leave the Commonwealth. Although Irish leaders contended that this step would constitute a healthy clarification of Ireland's international position and thereby improve Anglo-Irish relations, it led to a sense of renewed tension between the two countries. In spite of this tension, however, it was agreed with the United Kingdom and Commonwealth countries that Ireland should continue to enjoy Commonwealth preferences and that special citizenship rights should be provided for British and Irish subjects. Unfortunately, the wording of the British Government's Ireland Bill, introduced to regularize this relationship, particularly the provision that the status of Northern Ireland could not be changed without the consent of the Parliament of Northern Ireland, was bitterly resented in the Irish Republic. The British were surprised by this reaction and replied that the British Parliament was not attempting to freeze the status of Northern Ireland as charged by the Irish. While fears of serious violence by the illegal Irish Republican Army (IRA) and other dissident elements have not materialized, the danger of such activities persists.

Since the Government and a majority of the people of Northern Ireland are determined to retain the British connection, it is difficult, given the present temper of the parties at issue, to foresee any compromise solution of the partition question. The situation is thus a stalemate, in which the British hope the Irish Government will eventually

be discouraged from further efforts by the failure of its campaign to obtain foreign support. They also count upon the apathy of a large part of the Irish people toward this question to assist in the maintenance of the *status quo*. The Irish Government continues to assert that it will seek a solution only by peaceful means and will not condone any sort of violence. It is clear, however, that the increased agitation of this issue might at any time help spark an incident which could lead to serious disorder.

As a result of these Anglo-Irish political differences and for doctrinaire reasons, the Irish Government has shown an increasing desire to lessen the country's economic dependence upon Britain. Proposals have been put forward for repatriating a large part of Ireland's sterling assets held in the United Kingdom. The feasibility of severing the Irish currency link with the pound sterling has also been under discussion for some time. In present world economic conditions, however, the two countries have too great a need of each other to allow serious friction in their economic relations, although economic dependence on Britain must not be over-estimated as a factor limiting the freedom of action of the Irish Government.

D. POLICY EVALUATION

The fundamental problem of Ireland is the reconciliation of nationalistic aspiration with strategic, economic and political realities. The need for this reconciliation, which is still far from attainment, is the root of Irish difficulties. Under de Valera the policy of the Irish Government was separatist, based on nationalism, neutrality and a desire for economic self-sufficiency. It lessened the ties with the Commonwealth, contributed to the trade war which existed with the United Kingdom from 1932–38, and, after the failure of the League of Nations, left Ireland isolated during the war and postwar years. The coalition government has broadened the scope of Irish international activity, but by its concentration on the partition question and attitude toward the North Atlantic Treaty, it has brought about no real change in policy nor in Ireland's comparatively isolated position. Having begun with overtures of friendship to the United Kingdom and assurances of cooperation in the event of war, the present government has severed Ireland's final ties with the Commonwealth and currently displays an increasing tendency toward neutrality in any future conflict. Conscious of its failure thus far to obtain its objectives, emphasizing its nationalist independence of the United Kingdom, and aware of the need for foreign assistance, the Irish Government has recently turned more and more to the United States for support. It has undertaken the current campaign to induce US

intervention in the partition issue and has sought on occasions great and small to stress its friendly relations with this country.

This Irish desire for closer *rapprochement* is, of course, in many ways favorable to our interests and should be utilized to obtain our objectives. Yet while doing all that is possible to improve our relations—such as paying punctilious attention to those small international courtesies to which the Irish as a sensitive new nation attach considerable importance—we should make it clear at all times that Ireland's relations with the United States, however cordial they may become, can form no substitute for healthy relations between Ireland and the United Kingdom. History, economic conditions and, above all, geography, have made those two countries irrevocable partners. The Irish Government should concentrate its attention upon better Anglo-Irish relations and should not be allowed to believe that it can play off the United States against Great Britain. In particular, we should discourage, insofar as possible, the Irish tendency to appeal to American public opinion and certain Congressional circles for support, instead of dealing directly with the United States Government in the conduct of their international affairs.

S/S–NSC Files : Lot 63 D 351 : NSC 83 Series [1]

Memorandum by the Secretary of Defense (Johnson) to the Executive Secretary of the National Security Council (Lay) [2]

SECRET

WASHINGTON, 8 September, 1950.

[NSC 83]

Subject: The Position of the United States with Respect to Irish Participation in NATO and MDAP

In my opinion recent developments in the world situation make it desirable and appropriate for this Government to examine the question of Ireland's relationship to NATO and MDAP.

I recommend that the NSC Staff study this matter and submit a report thereon for the consideration of the Council. In preparing its

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[1] Lot 63 D 351 is a serial master of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

[2] This memorandum was submitted to the National Security Council on September 11, and together with a note of transmission by Lay and a cover sheet, neither printed, comprised the paper designated NSC 83.

report I believe the Staff should give consideration to the following specific aspects of the problem:

The desirability of the U.S. undertaking diplomatic negotiations to encourage Irish participation in NATO based on the changed world situation since the original Irish decision of abstention.

The desirability of granting military assistance to Ireland whether or not Ireland joins NATO based on bilateral agreements, if necessary.

Louis Johnson

S/S–NSC Files: Lot 63 D 351: NSC 83 Series

Report to the National Security Council by the Executive Secretary (Lay)[1]

SECRET Washington, October 17, 1950.

NSC 83/1

The Position of the United States Regarding Irish Membership in NATO and Military Assistance to Ireland Under a Bilateral Arrangement

Reference: NSC 83[2]

The enclosed Statement of Policy on the subject, prepared by the NSC Staff pursuant to the request of the Secretary of Defense contained in NSC 83, is submitted herewith for consideration by the National Security Council and the Secretary of the Treasury. Also enclosed is an NSC Staff Study prepared for the information of the Council in this connection.

It is recommended that, if the Council adopts the enclosed Statement of Policy, it be submitted to the President for consideration with the recommendation that he approve it and direct its implementation by all appropriate executive Departments and agencies of the U.S. Government under the coordination of the Secretary of State.

James S. Lay, Jr.

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[1] Attached to the source text were the following documents, none printed: a cover sheet; a memorandum, dated January 21, 1963, by Bromley Smith, the Executive Secretary of the Council at that time, which stated that President Kennedy had authorized the rescission of NSC 83/1; a memorandum by Lay, dated November 10, 1960, which stated that on November 1, 1960, NSC 83/1 had been reviewed by the NSC Planning Board which considered that it did not need updating; a second memorandum by Lay, dated June 1, 1953, which stated that a copy of NSC 83/1 was presumed to be lost; and a third memorandum by Lay, dated November 3, 1950, which stated that on that day President Truman had approved the statement of policy contained in NSC 83/1 and "directed its implementation by all appropriate Executive Departments and Agencies of the U.S. Government under the coordination of the Secretary of State."

[2] Regarding NSC 83, see Johnson's memorandum *supra* and footnote 2 thereto.

[Enclosure 1]

Draft Statement of Policy Prepared by the Staff of the National Security Council

SECRET [WASHINGTON,] October 17, 1950.

THE POSITION OF THE UNITED STATES REGARDING IRISH MEMBERSHIP IN NATO AND MILITARY ASSISTANCE TO IRELAND UNDER A BILATERAL ARRANGEMENT

The United States should:

a. Continue its present policy of maintaining an attitude of readiness to welcome Ireland as a member of the North Atlantic Treaty Organization, at this time leaving the initiative to Ireland.

b. Avoid discussion of bilateral arrangements for a military assistance program outside NATO.[3]

[Enclosure 2]

Study Prepared by the Staff of the National Security Council

SECRET [WASHINGTON, October 17, 1950.]

THE POSITION OF THE UNITED STATES REGARDING IRISH MEMBERSHIP IN THE NATO AND MILITARY ASSISTANCE TO IRELAND UNDER A BILATERAL ARRANGEMENT

PROBLEM

1. To review U.S. policy on the relationship of Ireland to the North Atlantic Treaty, and toward Irish interest in bilateral arrangements for military assistance.

ANALYSIS

2. The Secretary of Defense, in a memorandum dated September 8, 1950,* suggested a review of U.S. policy on Ireland's relationship to the North Atlantic Treaty Organization, and introduced the question of U.S. military assistance to Ireland under bilateral arrangements outside the treaty.

3. Strategically located, Ireland affords valuable sites for air bases and naval and anti-submarine operations, supplemental to and in support of bases available in the British Isles including North Ireland.

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[3] In a memorandum to Secretary Acheson, dated October 31, not printed, which was attached to another copy of NSC 83/1, George W. Perkins, Assistant Secretary of State for European Affairs, stated that "NSC 83/1 is essentially a State Department paper which has been accepted by the NSC staff assistants and the NSC staff without material modifications or impairment of the Department's position on these two questions." (S/S–NSC Files: Lot 63 D 351: NSC 83 Series)

*Reproduced in NSC 83. [Footnote in the source text.]

To a limited extent Ireland is a potential source of combat units in the event of war. Without question Ireland could make a valuable contribution to the collective defense of the North Atlantic community. Its unqualified adherence would be both logical and desirable, and would give further evidence of the solidarity of the free nations of the North Atlantic area.

4. Despite strong anti-communist sentiments, the Irish Government for domestic political considerations still adheres strongly to its traditional policy of neutrality which was militarily embarrassing to the Allies in World War II. In a war against communism, a policy of Irish neutrality undoubtedly would be more benevolent to the Western Allies than in World War II and less useful to the Soviet Union, which has no diplomatic representatives in Ireland, than Irish neutrality was to the Axis. Nevertheless, there are no indications that the Irish would abandon neutrality even if by so doing a strong contribution to the anti-communist forces would be made. There is no Communist Party in Ireland.

5. The United States would welcome use of Ireland's port facilities and the air bases which could be developed there, although they are not considered essential at this time. The advantages to be gained from Irish bases might make their acquisition desirable, provided this could be accomplished in a manner consonant with our other commitments and without prejudicing collective arrangements. Should such bases or facilities become desirable, negotiations can be undertaken with the Irish as the then existing circumstances warrant. These bases or facilities would be complementary to those already available to North Atlantic forces in this area through the adherence to the North Atlantic Treaty of Great Britain and Northern Ireland. The denial of Ireland to enemy forces is already encompassed in existing NAT commitments.

6. In the early development of NATO, the United States Government made a study of the above factors and concluded that although Ireland's military potential was by no means an element essential to the success of NAT, Ireland should be given an opportunity to join the organization. An *aide-mémoire* of January 7, 1949, invited Ireland to become one of the original signatories.[4]

7. Irish *aide-mémoire* of February 8, 1949 and May 25, 1949 [5] stated that their participation was impossible as long as partition existed, and advanced the argument that Irish acquience to partition would be implicit in Irish membership. They requested the "assistance and

[4] Not printed; for documentation on this subject, see *Foreign Relations*, 1948, vol. III, pp. 1 ff.

[5] Neither printed.

mediation" of the other participating states in creating a situation wherein the problem could be discussed.

8. The United States replied to the Irish Government to the effect that NAT was not a suitable framework within which to discuss a problem solely the concern of the United Kingdom and Ireland, and that we failed to see any connection between partition and NAT, which was not intended to provide a new forum for the settlement or discussion of long-standing territorial disputes. All other signatories took similar positions.

9. Since Irish rejection of NATO membership, the United States has continued to maintain an attitude of readiness to welcome Ireland as a member of NATO, but without any strings.

10. The way is open for Ireland to seek admission at any time. The Irish Government, however, refuses to separate the question of adherence to NATO from the partition issue, and this, in effect, puts a price on its adherence. Various Irish officials, contending that partition blocks their further consideration of North Atlantic Treaty Organization membership, have informally suggested that a bilateral arrangement, making Ireland eligible for U.S. military assistance, would be mutually beneficial. Presumably Ireland would seek, in such a bilateral arrangement, to avoid commitments it would have to undertake if it became a member of NATO.

11. An approach to Ireland to reconsider membership in NATO would encounter the same Irish objections and conditions that were advanced at the time of our initial effort. For the United States to take the initiative would create the false impression that there is a real military need for Irish participation in the defense of the North Atlantic area. Rather than influencing Ireland to join NATO, it seems as logical to assume it would only serve to strengthen an apparently developing Irish belief that the United States is susceptible to an approach for bilateral arrangements. In view of the virtual certainty of an Irish rebuff and a reiteration of all their objections to partition, towards which our position remains unchanged, reopening the question would be desirable only under the stress of military necessity. This necessity does not exist. No new element in the international situation has developed since the earlier approach to the Irish which would justify a change in the position the United States took in 1949.

12. The considerations which preclude our initiative in a reopening of the question of Irish adherence to the North Atlantic Treaty are strengthened and multiplied in relation to the question of bilateral defense arrangements with Ireland. Such an arrangement would be in conflict with the concept of the collective defense of the North Atlantic area based upon undertakings of collective mutual aid as pledged by NAT signatories. United States-Irish bilateral arrangements would

create friction and resentment among the NAT signatories who have assumed collective mutual assistance obligations. It would derogate from the basic principles underlying the North Atlantic Treaty, and would invite increased pressure for bilateral arrangements with other countries which are not included in regional defense plans or systems. Unilateral extension of U.S. military assistance could be justified only on the basis of extreme military necessity and then only after the possibility of Irish adherence to NAT had been fully explored and rejected. This necessity does not exist.

CONCLUSION

13. It would be desirable to continue to maintain an attitude of readiness to welcome Ireland as a member of the North Atlantic Treaty Organization. However, it would be undesirable, and in all likelihood fruitless, for the United States again to take the initiative to encourage Ireland to enter NATO and it would be even more undesirable to extend military assistance to Ireland under a bilateral arrangement outside of NATO.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND IRELAND AMENDING THE AGREEMENT OF JUNE 28, 1948

[For text of Agreement effected by exchange of notes signed at Washington February 17 and 18, 1950, which entered into force February 18, 1950, see *United States Treaties and Other International Agreements*, volume 1, page 157.]

FRIENDSHIP, COMMERCE, AND NAVIGATION TREATY BETWEEN THE UNITED STATES AND IRELAND

[For text of Treaty and Protocol signed at Dublin January 21, 1950, which entered into force September 14, 1950, when ratifications were exchanged at Dublin, and which was proclaimed by the President of the United States December 15, 1950, see 1 UST 785.]

ITALY

EFFORTS OF THE UNITED STATES IN SUPPORT OF DEMOCRATIC FORCES IN ITALY[1]

765.5 MAP/1–450 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET ROME, January 4, 1950—8 p. m.

36. Eyes only Secretary, Under Secretary, and Perkins.[2] I fully realize relatively minor role of Italy in MAP.[3] NAT developments, however, have immediate political bearing on Italian internal situation out of all proportion to significance of supplies to be furnished Italy.[4] Prime Minister[5] and his collaborators, who have wholeheartedly adopted a full western orientation of which AP[6] is significant symbol, are now facing reorganization of Italian Government with risk of losing working class support hitherto represented in the coalition with moderate Socialists. It behooves us therefore to avoid public acts which would increase the difficulties and embarrassment of Prime Minister at this particularly delicate moment. I am afraid that in our public handling of MDAP we have tended to discount these considerations in favor of carrying out a preconceived general plan aimed at Europe as a whole.

Among moderate Socialists, Saragat[7] and Lombardo[8] have espoused pact against opposition of so-called neutrals who are in majority in that grouping. If these Socialists have to face the issue of participation in new government, are caused further difficulties in connection with MDAP, they may be forced by developments within their group

[1] For previous documentation on this subject, see *Foreign Relations*, 1949, vol. IV, pp. 704 ff.

[2] George W. Perkins, Assistant Secretary of State for European Affairs.

[3] Military Assistance Program. For documentation on the overall aspects of the MAP, see *Foreign Relations*, 1949, vol. I, pp. 249 ff.

[4] For documentation concerning NATO, see pp. 1 ff.

[5] Alcide De Gasperi.

[6] Assistance Program (Military Assistance Program).

[7] Guiseppe Saragat, Secretary of the Socialist Party of Italian Workers, a moderate socialist party and one of several Italian political parties in the coalition Government.

[8] Ivan Lombardo, head of the Union of Socialists Party, a moderate socialist party. The Union of Socialists Party joined with the Socialist Party of Italian Workers in 1948 to form the so-called Socialist Unity Group.

to make conditions inconsistent with the present government's unequivocal stand on Atlantic defense. This would not only narrow the base of future coalition but would push it at unpropitious time toward right, by depriving the government of the support of even the Saragat wing of the moderate Socialist group and probably also the Republican group under Pacciardi.[9] As these two groups are among the best of the political elements having real support among the working classes, an opportunity to wean more of those classes from Communism would be lost. Also the successful campaign of the independent labor movements against Communist control now going forward would suffer a severe setback.

In view of foregoing and in light of US MDAP procedures announced in radio bulletin 303, December 27,[10] it would be most helpful if you would authorize me to discuss each MDAP development with Italian Government prior to initiating action involving Italy.

DUNN

[9] Randolfo Pacciardi, leader of the Italian Republican Party, a small moderate leftist non-Marxian political party.

[10] Not printed.

765.5 MAP/1–450 : Telegram

The Secretary of State to the Embassy in Italy

TOP SECRET ROME, January 12, 1950—5 p. m.

123. Urtel 36 Jan 4.[1] Delicacy of Ital polit situation recognized here and Dept wishes cooperate with you in development MDA Program so that Prime Mins hand in his support of coop with West will be strengthened and moderate Socialist and Republican support will continue rather than being alienated. Recognizing this situation, which incidentally has its counterpart in other MDAP countries, every effort will be made inform you in advance and seek ur guidance on prospective MDAP steps. Wherever possible you will be given opportunity take these cases up with Ital Govt prior initiation action. This connection see Deptels 82, 83 of Jan 9 [2] concerning addition of personnel MDAP staff. Effort provide for advance clearance will be made especially on actions which may have effect on Ital public opinion and internal polit situation.

ACHESON

[1] *Supra.*

[2] Neither printed.

765.003/1–1850 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET WASHINGTON, January 18, 1950—2 p. m.

213. Urtel 5101 Dec 23.[1] Dept has noted with considerable interest comments of British FonOff official re Ital Socialism and reported "row" bet FonOff and Labor Party elements over latter's apparent interference in that field. Dept desires Emb take opportunity thus offered to explore further attitude of both FonOff and Labor Party towards Ital Socialists, and in so doing Emb may, with ref to pertinent info in recent Rome tels this subject, present following summary of Dept's views:

Basically we want in every appropriate way to assist democratic forces in Italy in their struggle against the Commies. Strong unified democratic Ital Socialist Party, which can cooperate in Govt with other democratic parties, appears to us necessary to draw and keep Ital working class out of Commie camp. We therefore view with serious misgivings rift bet PSLI [2] and PSU [3] and reports that Brit Labor Party elements have acted directly and through COMISCO to widen that rift.

As we understand situation in Italy, problems of democratic socialism there spring from interrelated questions of unification all democratic socialists and participation in Govt; essentially, these are manifestations of problem of how socialism can be a party of labor (i.e., of working classes) and party of coalition govt simultaneously. Rift in PSLI has come about through disagreement on question whether working class membership of Socialist Party can best be built up and find expression through participation in Govt with Christian Democrats (in face of accusation this means subservience to "clericalism") or by absence from Govt in face probability of confusion with and ultimate overwhelming by Communists. Dept has been inclined believe dangers to democratic socialism greater in absence from Govt than in participation.

Contrary to what some Ital socialists seem to think, Dept does not "support" right-wing PSLI and want it in Ital Govt to exclusion

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[1] Not printed.

[2] The Socialist Party of Italian Workers, the right-wing socialist party led by Giuseppe Saragat, which declared its complete independence from the Communist Party in 1947 and which emphasized the principles of parliamentary democracy.

[3] The Socialist Unitary Party, a party representing a middle position between the Socialist Party of Italian Workers and the left-wing Italian Socialist Party.

other democratic socialists. It shld be remembered that Saragat was first to have courage to break from Nenni,[4] and that until squabble within PSLI culminated in split, that party was only one which cld claim effectively to represent democratic socialism. If the so-called "right-wing" which is all that is left of PSLI loses its following, one reason why we welcome PSLI participation in Govt is removed, although we see no reason why absence of a following shld exclude individual members from the govt if Ital polit leaders want them in. On the other hand, no matter how "representative" PSU may be or become, if it does not have sincerely democratic foundations, we cld only view with misgiving its participation in the Govt. It shld be understood, of course, that these are all questions which the Itals ought to work out for themselves, and which will undoubtedly be considered in Cabinet reshuffle [5] expected soon.

Our concern at present Socialist developments in Italy and at reported activity of some elements Brit Labor Party arises from danger that leadership of non-"fusionist" socialists will pass to Romita,[6] in whose outlook and integrity we have little confidence, especially considering his vacillation on such a vitally important question as NAT and the circumstances of his purported break with Nenni. Despite tone of Florence conference and seemingly sincere statements by some PSU leaders such as Vigorelli [7] we doubt that PSU as now constituted wld be willing or able to resist Communists.

Dept realizes situation remains in flux. Meanwhile, our thinking would be much clarified if we knew (1) what considerations were behind reluctance of Brit Socialists support Saragat (*a*) in preference to Nenni until eve of Ital elections in 1948 and (*b*) in preference to Romita in present struggle with PSU; (2) their reactions our views outlined above; (3) what considerations were behind ready recognition of PSU and apparent pressure on Saragat by COMISCO; and (4) whether "row" mentioned by FonOff is over Labor Party running "little FonOff" or over differences in policy regarding Ital Socialism.

ACHESON

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[4] Pietro Nenni, Secretary of the Italian Socialist Party, which based its political conduct on close understanding with the Italian Communist Party.

[5] De Gasperi's new Cabinet was announced on January 31, 1950.

[6] Giuseppe Romità, leader of a faction which split from the Italian Socialist Party in May 1949. The Romità group opposed the Italian Socialist Party's policy of close understanding with the Italian Communist Party. In December 1949 the Romità group participated in forming the Unitary Socialist Party.

[7] Ezio Vigorelli.

S/S–NSC Files : Lot 63 D 351 : NSC 67 Series

Report by the National Security Council [1]

TOP SECRET

WASHINGTON, April 21, 1950.

NSC 67/1

THE POSITION OF THE UNITED STATES WITH RESPECT TO COMMUNISM IN ITALY

THE PROBLEM

1. To assess and appraise the position of the United States with respect to the communist threat to Italy.

ANALYSIS

2. The objective of the United States with respect to the communist threat in Italy is to prevent in that key country conditions unfavorable to our national security. It is approved governmental policy that "communism is inherently opposed to the fundamental principles underlying our form of government and any communist regime is therefore inimical to the United States". The integrity and security of Italy are inseparable from the security of the North Atlantic area, as recognized by Italy's participation in the North Atlantic Treaty. It is also approved governmental policy that:

"The security of the Eastern Mediterranean and of the Middle East is vital to the security of the United States. . . .[2] The security of the whole Eastern Mediterranean and Middle East would be jeopardized if the Soviet Union should succeed in its efforts to obtain control of any one of the following countries: Italy, Greece, Turkey or Iran. In view of the foregoing, it should be the policy of the United States, in accordance with the principles, and in the spirit of the Charter of

[1] NSC 67, dated April 12, 1950, was prepared by the NSC Staff on the basis of an initial Department of State draft with the advice and assistance of representatives of the Secretaries of State and Defense, the Acting Chairman, National Security Resources Board, and the Director of Central Intelligence. It was submitted to the National Security Council for consideration as a new statement of policy to supersede NSC 1/2 and NSC 1/3.

At the 55th meeting of the National Security Council on April 20, the Council adopted the report subject to an amendment of paragraph 13 proposed by the Joint Chiefs of Staff and to a clarification in the language of paragraph 11 agreed upon by the Secretaries of State and Defense. The Council agreed to revise NSC 67 in light of these recommendations and then to submit the revised form to the President for approval. The Conclusions of NSC 67/1 were approved by the President on April 24.

The approved changes in NSC 67 are indicated by the brackets in paragraphs 11 and 13. NSC 1/2, February 10, 1948, is printed in *Foreign Relations*, 1948, vol. III, p. 765. For documentation concerning the various revisions of NSC 67, see the S/S–NSC Files : Lot 63 D 351 : NSC 67 Series. Lot 63 D 351 is a serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

[2] Ellipses appear in the source text.

the United Nations, to support the security of the Eastern Mediterranean and the Middle East. As a corollary of this policy the United States should assist in maintaining the territorial integrity and political independence of Italy, Greece, Turkey, and Iran. In carrying out this policy the United States should be prepared to make full use of its political, economic, and if necessary, military power in such manner as may be found most effective." [3]

3. Italy's position in the Mediterranean dominates the lines of communication to the Near East and flanks the Balkan countries. A major power operating from bases in Italy could dominate the Western Mediterranean and could apply substantial military power against the Balkans and Western Europe.

4. Current United States policies toward Italy include measures intended to preserve Italy as an independent, democratic state, friendly to the United States and capable of effective participation in the resistance to communist expansion. These policies include *inter alia:*

a. Giving full support to the Italian Government by such measures as:

(1) Assistance through the Mutual Defense Assistance Program (MDAP) in the form of equipment, materials and services to increase the Italian Government's capacity to deal with threats to internal security and territorial integrity.

(2) Provision of aid under the ERP,[4] in accordance with the Economic Cooperation Act as amended.

(3) Inclusion of Italy in negotiations for the liberalization of international trade, including trade with the United States.

(4) Assistance by all feasible means to Italian measures directed toward Italy's integration in political, economic, and military arrangements with the other European and Atlantic nations which are committed to the promotion of their collective security and independence.

b. Without interfering in Italy's internal affairs, encouraging the Italian Government to undertake the basic economic and social reforms which can, without threatening internal stability, remove chronic distress.

c. Continuing the display, with the concurrence of the Italian Government in each case, of United States military forces in Italian waters and airspace.

d. Insofar as our responsibilities under the Italian Peace Treaty are concerned, interpreting the terms thereof as liberally as may be

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[3] This statement was formulated during the so-called "Pentagon Talks" of 1947. The full text of the statement is presented in the undated "American Paper" in *Foreign Relations,* 1947, vol. v, p. 575. For information with respect to the approval of the policy by the President, see footnotes 1 and 2, *ibid.,* p. 623.

[4] European Recovery Program. For documentation with respect to the European Recovery Program and U.S. policies regarding economic integration in Europe, see pp. 611 ff.

legally possible, and pressing for similar interpretations on the part of other signatories.

e. Continuing to support acceptance of Italy as a member of the United Nations and of appropriate specialized agencies thereof.

. . . . . .

h. Where Italy's relations with countries friendly to the United States are involved, encouraging and assisting the conduct of those relations on the basis of friendship and equality; and where Italy's relations with countries unfriendly to the United States are involved, seeking actively to support Italy's legitimate policies and objectives.

5. In the political field, both the majority of the Italian people and the present government are ideologically inclined toward the Western democracies, are friendly to the United States, and are conscious that United States aid is a basic factor in Italian recovery. All Italian political leaders, as well as informed members of the Italian population, likewise are conscious that United States aid, within the framework of the agreements for the regional security of Western Europe, is a basic factor in Italian security. The anti-communist leaders recognize that the maintenance of an independent and free Italy requires full cooperation with the Western states. They are consequently making continuous efforts to counteract the considerable popular appeal of the isolationist theory that Italy must remain neutral in the struggle between East and West. Similarly, they are alert to the threat of communism and recognize the constant danger which the strength of the Italian Communist Party provides to the maintenance of free institutions and government.

6. Despite the factors in the Italian political situation favorable to a Western orientation, the Italian Government is under strong and persistent communist attack. The ultimate communist objective is the creation of a communist dictatorship subservient to Moscow. The political position of the Communist Party is stronger in Italy than in any other country outside the Soviet orbit. This strength stems primarily from the chronic economic distress which is fertile ground for the agitation and propaganda in which communist leaders have shown themselves to be adept, particularly in the utilization of "mass" organizations of labor, peasants, and other distressed people. The communist para-military organization is now understood to comprise 75,000 men, of whom 63 per cent are in the eight northern regions of Italy.

7. United States policy must take into account the possibilities of external and internal aggression by the communists against the Italian Government. Communist aggressive action may be expected generally along the following lines:

a. Attempts at infiltration into the government with a view to obtaining control of key ministries and assuming power by legal means.

The success of the communists would endanger United States security interests by making ineffective Italian participation in the North Atlantic Treaty and by jeopardizing East-West communications through the Mediterranean.

b. Seizure of substantial areas by communists. Action of this type would weaken the Italian Government, thus threatening our security interests, and would require that assistance be given to the legal government to reestablish its authority and control of all Italy.

c. An insurrection by the communists to overthrow the Italian Government by violence. Such action would constitute a direct threat to our security interests and the Italian Government would require assistance to meet such a threat.

8. So long as the present democratic Government continues to resist the pressure of the communists for admission to the Government coalition, achievement of the communist objective of seizing control of Italy through infiltration will be prevented. It is possible that the communists will adopt illegal or insurrectional measures for the achievement of their objective. The communists will in any event continue agitation, propaganda and subversion, coordinated with similar activity by communist parties in other countries. The communists will seek to capitalize the reluctance of the Italian people to engage in another conflict and will appeal to "national interest" in advocating neutrality. Italy's continued acceptance of the responsibilities of membership in the community of free nations would go far in offsetting the appeal of neutrality. The communists will seek to intensify chronic economic distress in an effort to increase dissatisfaction, chaos and confusion and popular resentment against the Government. The communists will attempt to discredit the Government in every possible way, to impede that Government's measures to relieve distress and to promote recovery and to make ineffective Italy's participation in measures for collective security. The success to date of the democratic parties associated in the Government in counteracting these communist tactics, and thus in offsetting dangers to Italy's independence and security, has been and will continue to be due in considerable part to the moral and material assistance of the United States. This assistance will be required to assure the continuation of present Italian policy.

9. The Italian armed forces and policy [*police?*] are numerically adequate and have sufficient equipment to cope with a general communist armed insurrection within Italy which does not receive assistance from outside Italy. However, the Italian Government would require assistance to put down a communist insurrection in Italy supported by assistance from outside the country. In the latter circumstance, Italy may be expected to invoke the appropriate provisions of the North Atlantic Treaty.

CONCLUSIONS

10. The United States should:

a. Continue to make full use of its political and economic resources, and such use of its military power as it may agree to be necessary in accordance with the purposes and provisions of the North Atlantic Treaty or other international agreement, to assist in preventing Italy from falling under the domination of the USSR either through external attack or through communist movements within Italy and should continue to assist the Italian Government in meeting the communist threat so long as that Government evidences a determination to oppose communism.

b. Seek to prevent acceptance by Italy of a position of neutrality by promoting continuation of Italy's anti-communist attitude.

c. Continue the display, with the concurrence of the Italian Government in each case, of United States military forces in Italian waters and airspace.

11. In the event that a portion of Italy falls under communist domination by armed insurrection or other illegal means, the United States should:

a. Suspend aid to communist-dominated areas.

b. Strengthen its support of the legal government and increase aid for areas under the latter's jurisdiction.

c. To the extent required by the situation, take measures to strengthen the military power in being of the United States.

d. In consonance with over-all strategic plans, plan and be prepared for the following steps, any one of which might require partial mobilization: [Any governmental decision for any actual commitment of United States armed forces to the Italian area will be considered at such time in the light of the recommendations of the Joint Chiefs of Staff at that time.]

(1) Strengthening United States military forces in the Mediterranean area outside of Italy at such places and in such manner as may be most effective.

(2) Upon request of the legal Italian Government and after consultation with the British and other NAT countries, deploying forces to Government controlled sections of peninsular Italy as a show of force in support of the legal Government.

(3) Deploying forces to Sicily or Sardinia or both, with the consent of the legal Italian Government and after consultation with the British and other NAT countries, in strength sufficient to occupy these islands against indigenous communist opposition.

12. In the event that the communists gain participation in the Italian Government by legal means and threaten to achieve control of the Italian Government, or in the event that that Government ceases to evidence a determination to oppose communist internal or external threats, the United States should be prepared to initiate measures de-

signed to prevent communist domination and to revive Italian determination to oppose communism. Further, the United States should take military measures in collaboration with other North Atlantic Treaty nations to counter communist actions which would threaten the strategic position of the United States in the Mediterranean.

13. Any commitment of United States armed forces to the Italian area [beyond that contemplated in paragraph 10.*c.* above] will be considered in the light of recommendations by the Joint Chiefs of Staff at the time.

765.5/6-2750

The Assistant Secretary of State for European Affairs (Perkins) to the Ambassador in Italy (Dunn)

TOP SECRET [WASHINGTON,] June 27, 1950.

DEAR JIMMY: We have long been concerned with the problem of placing in your hands more information concerning defense planning within the North Atlantic Treaty Organization so as to assist you in your conversations with high Italian officials when they approach you on this and related subjects. It is, however, most difficult of complete solution in view of the NAT security limitations and of the interdepartmental agreements here in Washington which prevent us from sending out specific data concerning the Medium Term Plan and its force and equipment requirements. We are fully aware of the resulting embarrassment which you must suffer at times thereby, and hope that the following background may be of some assistance to you.

We have succeeded in obtaining clearance from the Department of Defense to send our Chiefs of Mission in selected NAT countries the Defense Committee's Report to the Council on "The Status of Defense Planning".[1] This was included with other NATO documents in a mailing covered by our Memorandum of April 26. On May 8, we sent a further memorandum transmitting two position papers, one of which, A–2/1*a*,[1] gave a condensed summary of NATO accomplishments and of the next steps which we desire. Subsequently, you should have received by pouch from London the pertinent documents resulting from the North Atlantic Council session of May 15–18, inclusive.[2] You will note that some of the resolutions regarding the defense effort adopted by the Council stem directly from the U.S. position as stated in A–2/1*a* mentioned above. Consequently, I believe that some information on strictly military planning is the main requirement to give you a more complete picture.

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[1] Not printed.

[2] For documentation concerning these NATO Council Meetings, see pp. 85 ff.

The Medium Term Plan, based on a target date of July 1, 1954, was somewhat hurriedly prepared, as the NATO Regional Planning Staffs had barely six weeks between the receipt of the Standing Group's "strategic guidance" and the deadline set by that body. In turn, the Standing Group had barely a month to put the regional plans together, with the result that the present plan is only a rough "first edition" and represents essentially a "binding job", rather than a truly integrated document. Both in State and Defense we are loath to publicize or in any way accredit the requirements of the plan because of its unrefined status and because we fear that the present force requirements and equipment deficiencies (generally believed to be higher than necessary) might cause an instinctive reaction of unattainability with a resulting wave of discouragement and apathy. This, regardless of the fact that the breakdown between standing and reserve divisions and other related key factors essential for an evaluation of the plan's feasibility have not yet been even considered. However, the necessary instructions have now been given on the military side of the Treaty with a view to refining the plan to its most economical dimensions compatible with adequate security. We believe that the vastly complicated task of costing the plan should only be finalized in terms of this revision.

In the London Council meeting, we stressed strongly that preliminary work should be pursued vigorously in the military, financial, and production bodies of the NATO. Acceptance of this principle by the other NAT countries is evidenced by the unanimous approval given to the Council resolutions. The achievement of concrete results will depend to a large extent on our continued vigorous advocacy of this method of approach through the United States Deputy in the new central machinery and through United States representatives on other NATO bodies, and by parallel action by United States diplomatic missions in NAT countries. Of course, an essential factor will be the willingness on the part of the United States to do what it expects the other NAT nations to do.

Obviously, the major problem will reside in financing the required forces. The Council, in adopting a resolution pertinent to this problem, recognized the great gap which exists between what we have now and what will be needed, and recommended to governments that increases be made in defense forces. In trying to get at the heart of the problem—adequate strength at minimum cost—we proposed, and the Council accepted after some reluctance and considerable debate, that in increasing forces the governments concentrate on the creation of balanced collective forces, rather than balanced national forces, for the defense of the North Atlantic area. By continued adherence to this

principle and by vigorous United States leadership based on it, we hope to bring about the realization of a defensive strength in Western Europe which would enable those nations to hold out hope of deterring an attack and, if necessary, successfully resisting Soviet land forces until help could arrive.

Nevertheless, we are determined to push forward both the review and the costing of the plan within NATO as an essential requirement for its intelligent consideration, both within the NATO and by the respective governments. Until that time we will be largely guessing, but in view of the gap between Soviet and Western strength, any increase in strength should retain its value, and building up collective strength should be initiated forthwith.

In view of the urgency of arriving at a decision as to whether or not something like the present Medium Term Plan is feasible, and if not, of actively pursuing some new and bold approach to the problem, and in view of the unavoidable delays entailed in any twelve-power approach to a problem, we are working with Defense and ECA on a purely United States review of the plan, its cost and implications. While Defense is ever loath to speculate, we believe that it should be possible to arrive at a sufficiently reasonable approximation to allow a decision as to whether the task is realizable or definitely out of the question. In turn, such a preliminary decision would permit us to exert more constructive leadership within the NATO and hasten the corresponding NATO-wide decisions.

With reference to the problem of United States financial support for European rearmament within the framework of the NAT, a difficult obstacle has to be overcome, whether our contribution is to continue for several years at the present rate or whether it might even be increased, as certain people are coming to believe.

All bodies within NATO have, in the course of their recent meetings, recognized the necessity of making a greater defense effort. We do not yet know the extent of this effort, but we are nevertheless certain that regardless of every possible saving it will be at a higher level than at present and that it will be necessary for all NAT countries to assume their fair share of the additional burden. The willingness to do so in the case of each nation will in all likelihood be influenced by what the other countries are doing. Thus, while our NAT partners will tend to look to us to set the example in view of our accepted leadership and because of our greater economic and financial resources, our own public opinion and the Congress will in turn be greatly influenced by the extent to which our friends will have reviewed their own financial and economic ability to support additional military expenditures and by the further concrete steps they take to aid themselves. We

must also be satisfied that they are using what monies they now have available in the most efficient manner for the development of balanced collective forces and not dissipating a part thereof in uncoordinated national prestige projects. This explains our introducing at the Council meeting the thought that economic recovery in Europe has progressed sufficiently far so as to permit in the future an equal priority to expenditures for additional economic recovery and expenditures for additional military security. You can rest assured that no one in the Department is thinking of reversing the priority which has obtained since the end of the war in favor of economic recovery in view of the obvious continuing necessity of both dealing with the internal Communist threat and consolidating the politico-social basis essential to national strength. We do think, however, that the time has come when a slightly higher priority could be allocated to security against the threat of external Soviet aggression. We believe that the Council resolutions as adopted reflect this concept. In general, we are convinced that without some tightening of belts both here and in Europe, collective security will remain a mere plan.

Frequently, the discussion of military plans is confused at the present by the so-called "Luxembourg Plan" of the Western Union. Notwithstanding our efforts to do so, we have not yet been able to find out its exact relationship to the NATO Medium Term Plan. Of course, any achievements by the Brussels Pact powers [3] will result in a net gain for the NATO. However, we are inclined to believe that while there exists a relationship between strictly Western Union planning and the NATO's 1954 project, it is not sufficiently close for maximum efficiency. Some confusion was caused here when the British Ambassador [4] mentioned figures to the Secretary as representing the price of Britain's and France's security "under current military planning". A study of the figures, however, revealed that they represented the cost of the Western Union's Luxembourg Plan (a program going through to the end of 1951). While the figure may be a good one, it is impossible to judge the NATO plan thereby in the absence of precise knowledge of their relationship.

While we understand the value of the Brussels Pact to the Western Union nations because of its precise commitments, we believe these powers tend to overstress this angle in view of the *de facto* developments within the NATO since the Pact's signature. Quite aside from this consideration, we think that these nations are slightly unrealistic in tending to emphasize their Western European Region, as full

[3] The Brussels Treaty signatories were France, the United Kingdom, Belgium, Luxembourg, and the Netherlands. For documentation concerning the Brussels Treaty, see *Foreign Relations*, 1948, vol. III, pp. 53 ff.

[4] Sir Oliver Franks.

United States support is required to give consistency to Western European collective defense. Furthermore, this tendency to wear a Western Union hat has been a retarding influence in NAT planning; consequently we hope that gradually the Western Union military planners will lose their Western Union identity and come to function solely as the Western European Regional Planning Group.

Please restrict this letter to the Department of State officer or officers handling these affairs at a high level.

My best, as ever.

Sincerely yours, GEORGE W. PERKINS

765.5 MAP/7–2550

The Secretary of State to the Ambassador in Italy (Dunn)

TOP SECRET [WASHINGTON,] July 25, 1950.

No. 22

SIR: I have received a letter from the Secretary of Defense [1] pointing out that during General Collins' recent trip to Italy he noted a marked deficiency in the permanent non-commissioned officer corps of the Italian Army.[2] He is convinced that a large part of our MDAP funds will be wasted unless a stable group of non-commissioned officers of high morale is developed. Naturally MDAP funds cannot secure adequate defense unless the Army is an effective fighting force and this in turn depends largely upon the corps of non-commissioned officers.

The letter points out that the backbone of any army is its corps of non-commissioned officers. The Italian Army is made up, for the most part, of conscripts who do not receive sufficient training during their service to produce adequate non-commissioned officers. Furthermore, the low pay scales do not attract good men who choose the Army as a career. For example, the Italian Army of some 250,000 one-year conscripts has only about four thousand regular non-commissioned officers and many of these are too old to be efficient. The incentives of adequate pay and promotional opportunity must be provided in order

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[1] Louis Johnson.

[2] Gen. J. Lawton Collins, Army Chief of Staff, visited Rome on March 22–23 just before he began his inspection tour of the Middle East. His recommendations regarding Italy were that a single coordinated plan for the defense of Northern Italy had to be developed and that the MDAP Mission in Italy must be kept informed as to the equipment and training requirements needed to meet such a plan. Collins also suggested that the State Department apply pressure on the Italian government through diplomatic channels to replace the Present Chief of Staff of the Armed Forces with a younger and abler man.

Collins' report on his inspection tour of the Middle East, including visits to the Azores, Rome, and Trieste, can be found in file 780.5/4–1750.

that the necessary corps of non-commissioned officers may be established. In the opinion of the Department of Defense the Italian Army needs between 25,000 and 30,000 professional non-commissioned officers, including a proper complement of trained technicians.

The Department concurs in the view expressed by the Secretary of Defense that the executive branch of the Government, in exercising its responsibilities under the Mutual Defense Assistance Act, should take appropriate steps "to insure that, as far as possible, such non-commissioned officer corps are developed, in order that funds expended under MDAP will effect appropriate returns, and the resulting defense organizations will be able to fill their roles in the defense of Western Europe."

I am, therefore, requesting you to discuss this problem with the appropriate officials of the Italian Government and, in your discretion, to use your influence to bring about such changes as may be necessary to develop an adequate corps of non-commissioned technicians in the Italian Army. In your discussions you should not in any way imply the threat of withholding MDAP assistance. As General Collins raised the subject with the Italian Defense authorities during his recent trip, they should, in general, already be informed of our views. The purpose of your discussions, therefore, should be primarily that of emphasizing the importance which the United States Government as a whole attaches to this problem.

Very truly yours,

For the Secretary of State:
GEORGE W. PERKINS

765.5/7–2750 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET

ROME, July 27, 1950—8 p. m.

450. Upon his return to Rome I have just seen Count Sforza [1] and conveyed to him all of the points brought up in Department circular of July 22,[2] 1 a. m. on increases of armed forces and armament. He said that Cabinet had this afternoon approved Pacciardi's request for supplemental allocation of funds but that announcement would not be made until after another Cabinet meeting tomorrow as preparation of announcement must take into account possibilities of exaggerated interpretations of Cabinet's action resulting in start of inflationary processes, rise in prices, et cetera.

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[1] Carlo Sforza, Italian Foreign Minister.
[2] See p. 138.

FonMin said government was determined to make an all out effort to do everything they could within their national resources to build up the army and provide for its equipment. He said government was also studying every possible contribution they could make to national and mutual defense by every means at its disposal.

Sent Department action 450, repeated London 42 for Ambassador and Spofford.

DUNN

765.5/9–2550

Memorandum of Conversation, by the Director of the Office of Western European Affairs (Byington)

CONFIDENTIAL [WASHINGTON,] September 25, 1950.

Participants: Mr. Luciolli, Counselor, Italian Embassy
Mr. Byington, WE

Mr. Luciolli left with me the attached memorandum with regard to the Italian effort to increase the effectiveness of their defense. He also referred to the memorandum of Minister Pacciardi, which had been left with Mr. Matthews by the Italian Ambassador,[1] and said that this memorandum had now been approved in principle by the Italian Government. Mr. Luciolli stressed the last paragraph of the attached memorandum. He said there would be a great deal more that Italy could do but the government needed more information as to the nature and extent of United States assistance. He also said that Italy was most anxious to go ahead with HPPP in the common defense effort, but in order to work out the details the government should know which would be the recipient countries of the finished products and would have to consult with them and with us.

As regards the defense program as a whole, he pointed out that because of the present surplus of Italian manpower and unused production facilities in Italy, the Italian program could be of considerably more relative importance to the Italian economy than would be the case of defense production in other countries who are members of the NATO, and he hoped this would be taken into consideration in present planning, particularly with reference to any possible use of the EPU [2] as a method of financing production.

H[OMER] M. B[YINGTON,] JR.

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[1] Alberto Tarchiani.

[2] European Payments Union. For documentation concerning the establishment of this institution in 1950, see pp. 611 ff.

[Annex]

The Italian Embassy to the Department of State

MEMORANDUM

The Italian Government has approved the appropriation of fifty billion lire for the present fiscal year for defense expenses and has earmarked an additional one hundred billion lire for the following two years.

The Ministry of Defense is in a position as of now to order the procurements for arms and matériel required which may be ready within the aforesaid period of time. By the same means the number of non-commissioned officers and of specialized personnel will be increased.

The Council of Ministers has also decided to increase as well the number of civil and military police ("carabinieri") and to improve their technical equipment for national security.

This represents an important and effective effort made by Italy through its restricted resources and without being conditioned to United States financial aid. Should the latter be granted, however, as the Italian Government trusts, the potentiality of the Italian Armed Forces would be increased and expedited.

WASHINGTON, September 25, 1950.

765.5/10–2350 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET ROME, October 23, 1950—4 p. m.

1787. Signor Pacciardi, Minister of Defense, asked me to come to see him this morning. He had three matters he wished to take up with our government.

First: He said he was bringing along with him to the meeting of the Ministers of Defense General Trezzani [1] at present Chief of Staff of Defense. He wished now to inform me that it was definitely decided that General Trezzani upon his return from Washington would resign as Chief of Staff and that General Marras [2] would most probably be appointed in his place. As General Trezzani was thoroughly familiar with all matters having to do with defense, he wished to have him with him in Washington at this meeting but General Trezzani had signified his intention of resigning immediately afterward and this arrangement had been accepted by the government.

[1] Claudio Trezzani.
[2] Efisio Marras.

Second: Italian Government has been considerably embarrassed by direct approach made by British and particularly the French Government to Washington with a view to obtaining dollar assistance in aid of their rearmament programs. He said he realized that the treaty limited force would not justify an approach to Washington on the basis of a large number of divisions or any extensive force. He said he knew they could not publicly state a case for a large number of divisions as a basis for obtaining more armament aid, although at the same time he knew that the planning for the future required Italy to provide more forces than the treaty at present permitted. He said Italian Government had no intention of giving any publicity to an approach to American Government for additional assistance for rearmament but that he would like to present the case of Italy as far as concerned facilities and manpower for European rearmament and to attempt to find out whether there were not some fields of production which these facilities could be used over and above production needed for Italian requirements. He said entire Italian Cabinet was determined to spend up to the maximum capacity of the Italian fiscal and economic situation for rearmament and that it would be well now to find out what production here could be devoted to armament for other members of the North Atlantic Pact.

He said Prime Minister had agreed to ask Ivan Matteo Lombardo, Minister of Foreign Commerce, who is now in US to assist Pacciardi in taking this matter up first with Secretary of Defense and then with Secretary of State. He said he hoped this approach would not receive any publicity as they wished to talk over the situation very quietly with our government officials. He said at Prime Minister's insistence and with consent of Minister of Foreign Affairs he hoped that I would notify my government that he and Minister Lombardo will be authorized to discuss Italian AMP and Mutual Assistance Programs while they are in Washington.

The third point was with regard to the proposed change from regional groups under NATO to unified commands. He said he was not clear on what would happen to Italy under this proposed new arrangement. He said as far as the Southern Europe and Mediterranean region was concerned there seemed to be only a naval command set up and that Italian land forces did not seem to come clearly under any of the new commands. I told Minister I thought this was a matter which would be clarified when he arrived in Washington as the new plan no doubt contemplated a definite place for Italy.

DUNN

765.5/11–2750 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State [1]

TOP SECRET ROME, November 27, 1950—9 p. m.

2324. When I saw Count Sforza just before his departure for Strasbourg, I took occasion to speak to him about Italy's rearmament program. I pointed out that Italy appeared to be lagging behind other countries and said that although the Italian military authorities were now giving us some information about their plans for building up Italian Armed Forces and for the expenditure of the additional fifty billion lire, Italian Government had still not come forward with comprehensive production program which would enable us to discuss American aid. I pointed out that we could not usefully examine the part we could play in assisting production until we had a program to discuss. I emphasized that in addition to importance to Italy of a rapid buildup in armed strength, this appeared to be opportunity to put idle Italian factories and manpower to work, and I suggested that Italy should undertake an aggressive selling campaign with her other NATO partners.

Sforza said he would do anything he could to further the program and I understand that he has since discussed the matter with Prime Minister and that Italian Government is now preparing specific production plan.

An important obstacle to progress in this field has been the political situation within Italian Government. As Department is aware, the conflict within government over financial and economic policy has recently become more acute. As I understand it the position now is that Minister of Defense is pressing for more funds but so far has not submitted details of his plan for examination of the Economic Ministers on basis that this would constitute the abandonment of his responsibilities. Minister of Treasury Pella,[2] on other hand, insists that country is already threatened with inflation and refuses to consider further expenditures unless he is informed of details in order that he may judge their effects on the economy. I understand that Pella recently again submitted his resignation over this issue but was persuaded to remain by Prime Minister. I hope that Prime Minister will now succeed in breaking deadlock.

I had occasion today to tell Pacciardi the US had no intention of urging Italy to expand military production to a point endangering its internal economy but we did feel there was something which could be done without reaching that point. What we were urging was the

[1] Repeated to London for Spofford and Paris.
[2] Giuseppe Pella.

drawing up of a comprehensive plan which could be examined and discussed.

While Pella may not be fully alive to the urgency of the military program, it must be remembered that he has courageously held out against wasteful expenditures and deserves much credit for his defense of the lira. It would be particularly unfortunate if he left the Cabinet under circumstances which suggested the abandonment of a sound economic policy under American pressure. Our problem therefore is a delicate one and will require great care if we are to achieve our rearmament objectives without bringing on a political crisis in the Italian Government which would cause serious damage to our interests.

DUNN

765.5/11–2750 : Telegram

The Secretary of State to the Embassy in Italy

TOP SECRET WASHINGTON, December 2, 1950—7 p. m.

2334. Department fully endorses ur observations to Sforza and Pacciardi reported urtel 2324 Nov 27,[1] and concurs ur estimate delicacy our position and necessity achieve our rearmament objectives without causing political crisis in Ital Govt.

It seems to us that Itals while seeking under pressure public opinion to advance Ital interests and secure for Italy position of prestige in NATO (viz. Embtel 2148 Nov 15 [2]) continue to wrangle over and delay concrete rearmament plans and implementation which are indispensable to Ital acceptance by allied official and public opinion as fully contributing member of team.

In conflict between Pacciardi and Pella appears from press interview reported urtel 2300 Nov 25 [2] Sforza, though attempting take middle of road, has veered towards Pella's side. If Pacciardi has developed plans it wld seem essential he submit them for examination Econ ministers. At same time, appears Pella must be convinced of urgency mil program and necessity some revision his basic philosophy. While Dept recognizes as you point out he has courageously held out against wasteful expenditures and has successfully defended lira, we do not fully share in view (last para urtel 2324) that his econ policy is sound in the circumstances we face today. In fact Dept believes more aggressive investment program was necessary before Korea, and considers implementation program agreed upon last Spring still possible and necessary; continuation over-cautious mone-

[1] *Supra.*
[2] Not printed.

tary policies will prevent both investment program implementation and effective defense production program essential to Ital and Western armament.

We can understand Sforza (and also De Gasperi) attempting publicly take middle ground in view situation described urtel 2250 Nov 21 [3] and in view lack concrete and realistic Ital plans. We hope, however, that govt can and will undertake to lead public opinion toward realization urgency of preparedness and that meanwhile Sforza can impress urgency on his cabinet colleagues. If Sforza's influence is diminishing and if he is to be replaced, we feel some trepidation at prospect his replacement by a CD who might well be predisposed to side with Pella.

Fact is entire Western world is faced with most clear and present danger and it disconcerting to read in Cianfarra article (urtel 2268 Nov 22 [3]) that majority Ital cabinet appraising Italy's commitments in light two premises: (*a*) disbelief in likelihood of war; (*b*) necessity subordinating rearmament expenditures to stability of lira. Whatever right or wrongs of carrying Ital internal dispute in US press, and with due allowance for source inspiration this article, it is of utmost importance to Ital, US and other NAT countries that all those who think thus be quickly disabused. Accordingly Dept hopes you will continue find occasion to speak to responsible Itals along line you took with Pacciardi; US has no intention urging Italy expand mil prod to a point endangering its internal economy but we are convinced there is much more that can be done without reaching that point.

Re Ital discouragement at Ital position in NATO which may in due course be overcome as concrete plans are effected, we have considered several possibilities which might meanwhile have beneficial effect. Pls give us ur early comments on:

(*a*) invitation to Pella to visit US (reDeptel 2155 Nov 21 [3]) during which every effort wld be made reorient his thinking;

(*b*) invitation to de Gasperi and Togni [4] to visit US April ostensibly participate in formal dedication Memorial Bridge bronzes, and possibly receive academic degrees, but taking occasion thorough review major outstanding questions at that time.

These steps, if taken shld be accompanied by publicity here and in Italy designed to show that: (*a*) the west is in danger and the people

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[3] Not printed.

[4] Guiseppe Togni, Italian Minister of Industry and Commerce.

of the west must work together for self-preservation; and (*b*) Italy can and will play an important part in the common endeavor.

ACHESON

765.5 MAP/12–450 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State [1]

TOP SECRET ROME, December 4, 1950—7 p. m.

2433. Tomap. RefEmbtel 2403 December 1.[2] At meeting with Italian defense group December 4 Italians produced final statements their production program for army, navy, air and civilian anti-aircraft protection (subsidiary air force program). Breakdown of high priority for Italian use and air force program have been summarized in previous telegrams. Since army program is rather lengthy, photostats of all schedules are being made. Jacobs [3] will carry copies to Washington leaving Rome morning December 6 and copies will be pouched London.

Italian estimate cost in millions of lire, for four FY's; '51 through '54 is army 84,386; navy 45,140; air 53,221; civilian anti-aircraft 6,080. Total: 188,827 (approximately $302 million).

Program contains approximately 32 million lire for procurement items (clothing, etc.) for which US aid is not available.

Since cost foregoing program is to be met from so-called "additional" funds of 50 billion lire per annum for four fiscal years or 200 billion lire total given above (188,827 billion lire) is approximately 11 billion less than total. This difference plus other funds from regular budget will be devoted to pay of proposed increments in personnel.

Foregoing is strictly Italian production program for Italy and no aid has been sought from US except US assistance for certain AMF projects already submitted and included therein.

Since all are agreed that foregoing program is no strain upon Italian economy and falls short of what Italy can do to meet its own requirements in keeping with its NAT commitments highest Italian officials concerned are now meeting to determine what additional amount can be programmed to meet those commitments. We cannot therefore proceed with preparation of over-all integrated production program with US aid until this additional contribution by Italy is known. Italian officials are alerted to need for urgency and we hope to have something soon.

Jacobs will advise concerning present status.

DUNN

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[1] Repeated to London and Paris.
[2] Not printed.
[3] Joseph E. Jacobs, Minister in Rome.

INTEREST OF THE UNITED STATES IN REVISION OF THE TREATY OF PEACE WITH ITALY

765.5/1–1650

Memorandum of Conversation, by the Director of the Office of Western European Affairs (Achilles)

TOP SECRET WASHINGTON, January 16, 1950.

Participants: Mr. Bernard Burrows, Counselor, British Embassy
T. C. Achilles, WE

Sir Derek Hoyer Millar [1] and Mr. Burrows left the attached telegram on Friday [2] and said they would like some indication of our views today, if possible. Since it had not been possible for Mr. Rusk [3] and Mr. Perkins [4] to discuss it with the Little Chiefs [5] this morning, I told Mr. Burrows when he called this afternoon that it had not been possible to check with the military and that accordingly what I was telling him was merely an off-hand State Department reaction.

I said that as far as we could see there was no possibility of securing modification of the military clauses of the Italian peace treaty. In the event of an armed attack against Italy by any other party to the Treaty, its provisions would presumably automatically go by the board. Planning against the contingency of such an attack was clearly necessary. It must, however, be on the basis that Italy could meet the initial shock only with the forces and equipment authorized by the Treaty. Planning must be done on this basis and should be directed toward (1) most effective utilization of authorized forces and equipment and (2) increasing Italy's military potential as rapidly as possible thereafter if the initial shock could be withstood.

I promised to let him know if the military had any different ideas.

T. C. A[CHILLES]

[Attachment]

Excerpt From a Telegram From the British Foreign Office to the British Embassy in the United States

TOP SECRET

As you know, the North Atlantic Treaty Standing Group have asked Regional Planning Groups for Strategic Concepts and outline defence plans for their regions by 15th February.

[1] The British Minister at Washington.
[2] January 13, 1950.
[3] Dean Rusk, Deputy Under Secretary of State.
[4] George W. Perkins, Assistant Secretary of State for European Affairs.
[5] Presumably the Operations Deputies of the Joint Chiefs of Staff.

2. In considering this request a point of some importance has arisen in connection with the Southern European Western Mediterranean Region.

3. It is evident that a proper plan to defend Italy will need more forces than Italy at present possesses. It is also clear that other Atlantic powers cannot detach troops for the defence of Italy. Italy can no doubt raise the necessary manpower but anything other than a very small increase of her present forces will overstep the limits imposed upon her by the Peace Treaty.

4. In effect therefore no adequate plan for the defence of Italy can be made except on the assumption that the Peace Treaty limits on the size of the Italian armed forces will not apply. If United Kingdom and French representatives take part in planning in the Southern European Western Mediterranean Group on this assumption they will be opening the door to Italian pressure for revision of the Peace Treaty [6] or for neglecting its terms. We do not think that this difficulty would be materially lessened even if the UK representative was instructed to make clear that in taking part in such planning he did not commit His Majesty's Government to any decision which would allow the plan to be implemented. The Italians would naturally realise that the plans were in fact a commitment and that it was in the interests of the Atlantic powers as a whole to allow them to be implemented.

5. Whatever our views may be as to the likelihood of our being ultimately compelled by Soviet action to ignore the provisions of the Peace Treaty, it seems clear to us that some planning will have to proceed on the assumption that the provisions of the Peace Treaty may have to be ignored. In any case a decision must be reached in the next few days on the attitude which we should adopt in the Southern European Western Mediterranean Regional Planning Group and before taking it, we must, if possible, know the views of the Americans.

6. Will you therefore please put the problem informally to the State Department and obtain their views. You will no doubt wish to consult B.J.S.M. before approaching the State Department as the B.J.S.M. may have information bearing on this issue which is not available here.

7. We should be grateful for at least a preliminary reply by Tuesday 17th January.

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[6] The Treaty of Peace with Italy; dated at Paris, February 10, 1947. For the text of the treaty, see Department of State, Treaties and Other International Acts Series (TIAS) No. 1648, or 61 Stat. (pt. 2) 1245.

665.001/5–2650

Position Paper Prepared in the Department of State

SECRET [WASHINGTON, undated.]

THE EFFECT OF THE ITALIAN PEACE TREATY UPON THE MDAP FOR ITALY

(Proposed Revision of FMACC D–20, April 6, 1950)[1]

I. *Problem:* To measure what is, in the opinion of the US Government, the effect of the Italian Peace Treaty upon the participation of Italy in the Mutual Defense Assistance Program.

II. *Discussion:* The limitations on armed strength contained in the Peace Treaty are either complete prohibitions or numerical limitations. These limitations or prohibitions are placed variously on experimentation with, or acquisition, manufacture, production, or retention of specifically named items or installations. In addition, the Treaty places limitations on the number of personnel, and the organization and deployment of the Italian armed forces, with the intention of restricting the forces to those required for purely defensive purposes. None of the foregoing limitations has been changed. (See Appendices A [2] and B [3])

III. *Summary of General Policy:*

1. Participation by Italy in the MDAP is not of itself at variance with the Peace Treaty. In any instance where variance appears, the Peace Treaty must govern.

2. The Italian government has shown a desire for liberal interpretation of Peace Treaty limitations. The United States considers

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[1] On April 6, 1950, the Working Group of the Foreign Military Assistance Coordinating Committee (FMACC) prepared a report entitled "Italy and the Mutual Defense Assistance Program" (FMACC D–20), not printed. After the report was circulated among the various representatives of the Working Group, the Department of State representatives were instructed by the Committee to redraft a position paper on this subject which would seek to harmonize the various views held by members of the Working Group. This position paper, printed here, was drafted by H. H. Adams of the Office of the Assistant Legal Adviser for Economic Affairs and by Warren A. Silver of the Mutual Defense Assistance Program; it was cleared with Joseph N. Greene of the Office of Western European Affairs and Ridgway B. Knight of the Office of European Regional Affairs. This revision, while not yet approved by the FMACC, was circulated as the new FMACC D–20 of May 26, 1950, and represented the position of the Department of State.

For further documentation concerning this paper and its revisions, see file 665.001.

[2] Appendix A, not printed, contained a brief analysis of the relevant treaty provisions which affected the armed strength of Italy and the furnishing of assistance to Italy by the United States.

[3] Appendix B is not printed.

that only so liberal an interpretation may be countenanced by the United States as may be legally defensible in terms not only of the words but of the intention of the Peace Treaty.

3. The initial responsibility for Italy's compliance with the Peace Treaty in Italian territory is Italy's. The United States has not undertaken to enforce compliance by Italy with the terms of the Treaty. Where United States participation in the MDAP is involved, however, the United States government may properly express to the Italian government its insistence on compliance with the terms of the Peace Treaty, by virtue of the fact that the United States and Italy are co-signatories, both of the Peace Treaty and of the NAT, and further, because the United States is motivated by concern for the moral stature of both Italy and the United States in the international community. Where, therefore, contemplated action under the MDAP is determined by the United States to be incompatible with the Peace Treaty, the United States will not participate in such action.

IV. *Application of General Policy:* The United States has seen fit to concern itself with certain instances of possible incompatibility of the Peace Treaty and action under MDAP, and has made the following applications of its general policy:

A. Italy can manufacture those items defined as war material by Annex XIII C only for the use of the Italian Armed Forces.

Conversely, the Peace Treaty does not limit the manufacture of any item which is not listed in Annex XIII C, and is not otherwise specifically prohibited by any other Treaty provision. Such items can, therefore, be manufactured for use by other countries. For example, since jet engines are not included in Annex XIII C, Italy would not be violating the Peace Treaty if it manufactured them, without numerical limitation, provided they are not of German or Japanese design.

B. In considering the question of the future disposal of war material which, while being utilized by the Italian Armed Forces, becomes obsolete, or which for some other legitimate reason is replaced, Article 67 (which is entitled "Disposal of War Material") is no longer of effect, since it refers only to that war material which was in Italy, and excess to the allowed amounts, at the time the Peace Treaty became effective.

C. The United States must be satisfied that the possession of military items by Italy, as a result of United States co-operation, is not at variance with Peace Treaty limitations. A minimum requirement is that the Italian government dispose of certain military items to the extent that they become excess to Peace Treaty limitations, if Italy acquires similar items through US assistance.

528-933—77——96

765.5 MAP/6–2650 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, June 26, 1950—4 p. m.

2668. Tomap. *Aide-mémoire* in sense airgram 550, June 2, 1950 [1] handed Foreign Office June 12. Subsequently Secretary General as acting Foreign Minister [2] personally and officially expressed to me extreme embarrassment which would be caused government by signing another document reaffirming its intention carry out obligation of peace treaty in terms referring to treaty. This matter political principle and should such signature become known, as it inevitably would, outcry would be great and not confined extremist parties.

In light foregoing prefer solve problem by means other than specific reference peace treaty, if such can be found. Following alternative presented for Department's consideration:

1. Italian Government might give Embassy list of planes constituting "present make-up air force" within meaning its *aide-mémoire* March 1.[3] This list would contain all operational and true reserve aircraft and would be within 200 and 150 treaty limitations.

2. Italian Air Force already has made available MAAG its plans for phasing out aircraft to be listed in paragraph 1 upon receipt planes from MDAP and indigenous production.

3. Aircraft presently in IAF inventory in excess list to be submitted under paragraph 1 not considered as "reserves" within meaning treaty for reasons set forth Embtel 237, January 21 [4] and 319 January 27 [5] Italian Government could be pressed to relinquish title these non-operational aircraft to another NAT nation, or dismantle them so they lose identity as aircraft and become spares or instructional material, or sell to a friendly country with NAT approval.

Awaiting reply before proceeding further with Italian Government this subject.

Sent Department 2668, airpouched London for EDECC.

DUNN

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[1] Not printed; it instructed the Embassy to request that the Italian Government provide specific written assurances that upon receipt of aircraft from the United States under MDAP, the Italian Air Force inventory would be reduced as necessary to keep within the limits set by the Treaty of Peace with Italy. The Department of State considered these written assurances important in order that it be in a position to refute categorically unfriendly allegations of any violations of the treaty (765.5 MAP/3–650).

[2] Vittorio Zoppi, Secretary-General of the Italian Foreign ministry.

[3] The text of the Italian *aide-mémoire*, which was given to the Embassy in Rome on March 3, was transmitted to the Department in Despatch 669, March 6 (765.5 MAP/3–650).

[4] Not printed.

[5] Not printed; it reported that aircraft held for cannibalization or for spare parts, aircraft distributed to civilian aero clubs, and aircraft intended for air-sea rescue need not be considered part of the "reserves" limited by the Treaty of Peace with Italy (765.5 MAP/1–2750).

765.5 MAP/6–2650 : Telegram

The Secretary of State to the Embassy in Italy

SECRET WASHINGTON, July 20, 1950—7 p. m.

284. Luciolli, Counselor Ital Emb, has informed Dept of instrs recd from Zoppi re embarrassment to Ital Govt in signing document affirming Italy's intention live up to terms Peace Treaty, reurtel 2668 Jun 26. Luciolli was informed that statement from Ital Govt was desired for the record in event that Sov shld charge Treaty provision being violated by shipment aircraft and wld not be used unless there were gen Sov charge. Declaration necessary, however, in view number planes now listed in registry Ital Air Force, and US policy maintaining accurate record of its internatl activities, particularly when they had direct relationship to Treaty commitments. He was also informed Dept had no desire to obtain periodic declarations from Ital Govt to effect that Treaty wld be observed since it was generally assumed by both sides that such was the case and that declaration cld be worked out in Rome which wld take into account embarrassment which wld be caused Ital Govt by signing document reaffirming its intention carry out obligations of Peace Treaty in lieu referring to Treaty.[1]

At the same time, and as indicated in Dept's A–550 June 2,[2] we attach great importance to our being, together with Ital Govt, in a position to refute categorically and on basis record any unfriendly allegations of violation Peace Treaty. Among other factors, we have three in particular in mind:

(*a*) As an applicant for membership in UN, it is in Italy's own interests that she avoid getting into position where opponents of her application can readily charge violation of an internatl obligation, however unpalatable that obligation may be to Ital people and Govt; this is particularly applicable re section Peace Treaty which specifically provides for its revision only after Italy admitted to UN.[3]

(*b*) We are increasingly concerned at prospect of a gen Sov assault on us and probably other West Powers, as well as Italy, re our observation Ital Peace Treaty. Such an assault, which might come either through dpl channels or in UN, might very well be concentrated on mil clauses of Treaty and on provisions having mil implications, including Trieste provisions. We have no need nor desire to be defensive about such an assault; but we might very well be put in a defensive position if record is not entirely clear; and

(*c*) At time of Italy's adherence to NAT, Dept gave specific commitments that that adherence wld not involve violation of Ital Peace

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[1] This information was conveyed to Luciolli on July 14 by Francis T. Williamson, Deputy Director of the Office of Western European Affairs (memorandum of conversation, not printed, 765.5 MAP/7–1450).

[2] See footnote 1, p. 1508.

[3] For documentation concerning Italy's candidacy for admission to the United Nations, see vol. II, pp. 1 ff.

Treaty (Deptel 1255 Jun 22, 1949 [4]) and we wld not want to be in position of doubt about effective implementation that commitment.

In light foregoing, we do not find acceptable alterations suggested in urtel 2668, principally because they smack of private deals which, if and when brought out into open, might well have psychological effect of creating impression we are trying to hide something. We are not.

Dept suggests that a way out of present difficulty may be found in replacing *Aide-Mémoire* transmitted urdesp 669 Mar 6 [5] with another incorporating new wording. Specifically, last half of first para cld be altered to read:

"It is intention of Ital Govt that IAF, including its naval air arm, shall not exceed a force of 200 fighter and reconnaissance aircraft and 150 transport air-sea rescue training (school type) and liaison aircraft. These totals shall include reserve aircraft."

This wld require a further modification of end of second para, which might be reworded: "wld become surplus with respect to Air Force specified above."

Dept suggests that you discuss this matter thoroughly with Ital auths in light of foregoing and seek wording for their written commitment which, if it does not specifically refer to Treaty, will at least borrow language of Treaty.

ACHESON

[4] Not printed; it reported that on April 28, 1949, a State Department representative had informed the Senate Committee on Foreign Relations that all parties to the North Atlantic Treaty agreed that participation of Italy in NATO would not affect the provisions of the Treaty of Peace with Italy. Any Italian contribution to the defense of the North Atlantic area must be within the limits fixed by the military provisions of the Peace Treaty (840.20/6–149).

[5] See footnote 3 to telegram 2668 from Rome, June 26, *supra*.

665.001/8–850

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Deputy Director of the Mutual Defense Assistance Program (Ohly)

TOP SECRET [WASHINGTON,] August 8, 1950.

Subject: The Italian Peace Treaty in Relation to MDAP and NATO.

We agree with the sentiments expressed in your memorandum of July 20 [1] concerning the military clauses of the Italian Peace Treaty and hope that it will be possible to revise these provisions in accordance with the principles of international law and the procedure established in the Treaty. Naturally, in case of a general war in which Italy would

[1] Not printed.

be a belligerent the Allied Powers can quickly agree to ignore the provisions of the Treaty, and we would be prepared to act promptly to secure such agreement.

There are two questions which merit immediate consideration: (1) what can be achieved within the limitations of the Treaty, and (2) what action can be taken to remove these limitations?

Although the Peace Treaty established limitations upon the size of Italy's military forces and upon the quantity and types of military production, the Italian Armed Forces at present are by no means up to the full efficiency possible within the Treaty limits. There is still much room for improvement within these limits by supplying forces with modern weapons, by improving the quality and morale of the corps of non-commissioned officers, and by developing the Italian Armed Forces into a highly trained organization capable of serving as a nucleus of rapid expansion at some future date. Since military conscription is the policy of the Italian Government, the legal availability of manpower does not present a problem. The problem is one of improving the training and equipment.

The first step, which should be taken immediately, is the expediting of MDAP shipments to Italy. The material and psychological effect of delays in MDAP shipments upon the Italian military preparedness, which has been previously communicated to you, is becoming of increasing importance. As soon as this problem is adjusted, considerable progress can be made in strengthening the Italian military forces.

Another step which might be taken immediately is the development of arrangements under which Italy could produce armaments for export to MDAP countries. In the initial stages the manufactured items should be those not defined in the Treaty as war matériel. We would be prepared to undertake discussions initially with the British and subsequently with other principal signatories of the Treaty concerning the arrangements which might be developed within the scope of the Treaty provisions whereby Italy could manufacture items for export, the export of which might possibly be construed as contrary to the provisions of the Treaty.

We also agree that it is appropriate at this point to explore the possibility of using Italian manpower in forces generally required for the defense of Western Europe. This question should in our opinion be posed for consideration by the NATO, not in relation specifically to Italy, but in general terms. One possibility of increasing Italian armed strength, which we support, is by having anti-aircraft defenses manned by "civilian defense" personnel. It is estimated that these defenses would normally require 80,000 men.

With reference to the second question we do not believe that either a legal or practical basis exists at this time for abrogating or revising the provisions of the Italian Treaty. Italy has not yet reached full

strength within Treaty limits, and it is not yet established whether MDAP assistance could more than attain this objective.

It would seem wise to postpone for the time being consideration of revision of the Treaty until we are certain that we can provide the necessary assistance and until Italy has been admitted into the United Nations. Legally, the Treaty can be revised by agreement between Italy and the signatories to the Treaty, including the Soviet Union, or alternatively, after Italy becomes a member of the United Nations, the military clauses can be revised as stipulated in Article 46 by agreement between Italy and the Security Council of the United Nations. Under present conditions in which the Soviet Union is preventing Italy, by use of the veto, from becoming a member of the United Nations, it is a practical impossibility to revise the military clauses of the Peace Treaty in accordance with established procedures.

Until the provisions of the Peace Treaty are revised or, in time of war, abrogated by action of the Allied Powers, we believe that the provisions of the Treaty, while being interpreted as liberally as possible, should be honored. Open violation of the Peace Treaty by Italy would provide effective arguments for its enemies in their effort to keep Italy from becoming a member of the United Nations.

We hope that the question of Italian membership in the United Nations may be effectively settled in its favor. Even after it has become a member, however, it will probably not be possible for the Italian Peace Treaty to be revised because of the threat of Soviet veto. If the Soviet Union again leaves the Security Council, we would be prepared to support action by the Security Council revising the military clauses of the Italian Peace Treaty if such action were advisable in the light of other aspects of United States foreign policy.

765.5/9–1150

Memorandum of Conversation, by the Director of the Office of Western European Affairs (Byington)

TOP SECRET WASHINGTON, September 11, 1950.

Subject: Limitations in Military Clauses of the Italian Peace Treaty.

Participants: Mr. Burrows, Counselor, British Embassy
Mr. Boyd, Second Secretary, British Embassy
WE—Mr. Byington
WE—Mr. Greene
WE—Mr. Hilton

Mr. Burrows and Mr. Boyd called at their request to leave a copy of an informal working paper setting forth "notes for discussions

with the United States authorities on the coordination of policy toward the Italian Peace Treaty". A copy of this paper is attached.[1]

After reading the paper I said that it would require considerable study before the Department would be in a position to have any official reaction. Mr. Burrows said that he was presenting this informally to us as there was some indication that Mr. Bevin might wish to raise this problem with the Secretary.[2] He felt that it was desirable that we be informed of the lines along which the British Government was thinking. He emphasized, however, that the position expressed in the paper was not firm and that any general agreements reached in discussion with representatives of the United States would be subject to Ministerial approval in the British Government.

Mr. Burrows then referred to a request by the British Admiralty Office for Foreign Office concurrence to the program for supplying a limited number of assault landing craft for the Italian Navy. According to the plans of the Southern European regional planning group of the NATO, the Italian Navy had been assigned the responsibility for the Adriatic area and the British Admiralty is prepared to furnish a number of such craft for training purposes for the Italian Navy. The Foreign Office would like to know whether the United States has any objection.

It was pointed out that this specific request emphasized the difficulties inherent in this problem. As assault landing craft were specifically prohibited to the Italians by the provisions of the Italian Peace Treaty, the supplying of such craft to the Italian Navy would involve the United Kingdom in a direct violation of the Treaty. The same situation would undoubtedly be true also of other countries with respect to other items to be supplied to Italy or produced in Italy in accordance with NATO plans.

Under the circumstances serious consideration had to be given to the whole problem before embarking on such a course. An alternative which might also be considered would be for the United States and the United Kingdom, and the associated nations in the NATO, to follow a procedure such as that taken with regard to Trieste, on the grounds that developments, unforeseen during the negotiation of the Italian Peace Treaty, had occurred which necessitated the modification of some of the terms. The Peace Treaty was negotiated on the assumption that the United Nations, in which Italy would be accepted as a

[1] Not printed; it listed a series of questions that the British wished to discuss with the Department of State concerning limitations on Italian armed forces, possible approaches to Italian officials, and bringing the Italian army to maximum efficiency.

[2] Ernest Bevin, British Foreign Secretary, was coming to New York for meetings of the Foreign Ministers, September 12–19. For documentation on these meetings, see pp. 1108 ff.

full member, would assure lasting peace. As Italy has been prevented by Soviet veto from becoming a member, it is incumbent upon the signatories to give Italy the right provided members of the UN to organize its defense both individually and collectively. The fact that the Soviet satellites, with the concurrence of the USSR, are violating their Peace Treaties provides further reason for such action in the case of Italy.

I specifically emphasized that the Department had not yet considered this or other alternatives and therefore had no views other than the established policy of adherence to the Treaty limitations. Mr. Burrows agreed that all possible courses of action would have to be considered before any decision could be taken by either Government. He felt that the problem as regards a declaration was primarily one of timing. He indicated that at his own initiative and without reference to views expressed here, he would query London for further comment as to possibilities of a solution which could be recommended to Mr. Bevin.

Mr. Burrows then asked whether it would be desirable for the British Military Mission to engage in direct discussions with U.S. military authorities on the military aspects of this problem concurrent with discussions with the Department on the policy aspects. I suggested that the British Military Mission might in the initial stages discuss the problems with U.S. military authorities, but pointed out that the decision was primarily political and that until the political decision had been taken there was little that could be done on the military phases of the problem other than to express the military view concerning the need for Italian rearmament in excess of the Treaty provisions in order to participate in European defense.

665.001/10-650

Memorandum of Conversation, by Mr. Howard J. Hilton of the Office of Western European Affairs

SECRET WASHINGTON, October 6, 1950.

Subject: Limitations in Military Clauses of Italian Peace Treaty.

Participants: Mr. Burrows, Counselor of British Embassy
Mr. Boyd, First Secretary, British Embassy
WE—Mr. Byington
WE—Mr. Greene
WE—Mr. Hilton

This informal meeting was held pursuant to the meeting held September 11 during which Mr. Burrows and Mr. Boyd left a copy of the informal working paper setting forth "notes of discussions with US authorities on the coordination of policy toward the Italian Peace

Treaty". In opening the meeting Mr. Byington permitted Mr. Burrows and Mr. Boyd to read a copy of a paper entitled "Limitations in Military Clauses of the Italian Peace Treaty", which had been prepared in WE. A copy is attached to the original of this memorandum. He emphasized that this paper did not represent the views of the Department and that he, likewise, was merely expressing the views of EUR and was not speaking for the Department.

Mr. Burrows in reply stated that the views which he expressed had not been fully considered by the British Government and represented only the thinking of senior officials in the Foreign Office.

After reading the paper Mr. Burrows expressed his agreement with the necessity for setting forth in detail the revisions which would be necessary to permit Italy to carry out the tasks assigned by the NATO. Once this exercise had been completed, it would be possible to determine the procedure by which the Treaty could be revised. He felt that it might be possible to follow the course suggested in the original working paper which he had submitted, namely, ignore the Treaty in minor respects, which would, for example, permit the supplying to Italy of a few assault landing craft, or of planes slightly in excess of the stipulated amount; then when a major step, clearly violating the Treaty, would be contemplated, action could be taken to make a public declaration that the Treaty would no longer be considered as limiting, in certain respects, Italian participation in NATO.

Mr. Byington in reply stated that it would be essential to have such a declaration of intention made by the US in order that the US position would be publicly known and would, therefore, answer any charges of connivance in violations of the Italian Peace Treaty. Mr. Burrows pointed out that an analysis of the probable positions which various signatories might take on the question of a declaration involving changes in military clauses of the Italian Peace Treaty indicated only 11 of the signatories as probably being favorable with 5 opposed and 4 doubtful. Taking the adherents there would be an additional 3 in favor and 1 opposed. The probable division on this basis would be as follows:

In favor	*Opposed*	*Doubtful*
Signatories:	*Signatories:*	*Signatories:*
United Kingdom	USSR	China
United States	Byelorussia	Ethiopia
France	Czechoslovakia	Greece
Australia	Poland	Yugoslavia
Belgium	Ukraine	
Brazil	*Adherents:*	
Canada	Albania	
India		
Netherlands		
New Zealand		
South Africa		

In favor

Adherents:

Pakistan
Mexico
Iraq

It was agreed that Mr. Burrows would endeavor to obtain a definitive statement of the necessary revisions of the military clauses of the Italian Peace Treaty required to permit Italy to carry out the tasks assigned by the NATO in accordance with the medium-term plan. Mr. Byington indicated that the Department would also endeavor to secure a similar statement and a subsequent meeting would be held to consider further action which might be taken.

[Attachment]

Memorandum by Mr. Howard J. Hilton of the Office of Western European Affairs

SECRET [WASHINGTON, October 3, 1950.]

LIMITATIONS IN MILITARY CLAUSES OF THE ITALIAN PEACE TREATY

NECESSITY FOR ACTION

The military provisions of the Italian Peace Treaty were drafted on the assumption that the United Nations, in which Italy would be accepted as a full member, would assure lasting peace. The Soviet Union has effectively destroyed the basis for this assumption. Communist aggression in Korea and increasing world tension resulting from Soviet policies and initiative have increased the urgency of prompt and effective action to permit Italy to participate to the fullest extent of its capabilities in the common defense of Western Europe. It cannot now do this because of the limitations imposed by the military clauses of the Peace Treaty.

From a military viewpoint, the restrictions imposed by certain of the military clauses of the Peace Treaty are inimical to the objectives of NATO. It is apparent from studies now in advanced stages of completion within NATO that the successful defense of Western Europe will require a greater contribution of military manpower by Italy than is permitted by the terms of the Peace Treaty. These studies indicate that Italy, with the forces at present allowed under the Peace Treaty, could not be in a position to defend her northern frontiers in the event of an attack.

Apart from the question of an increase in the strength of the Italian armed forces beyond the limits imposed by the Treaty, there is, in addition, the question of the possible relaxation of certain specific restrictions included in the Treaty. For example, the Treaty places

strict limitations upon the type and quantity of weapons and material which the Italian armed forces may possess.

With regard to the question of Italian arms production, Italy is bound by Article 53 of the Peace Treaty not to manufacture or possess more war material than is needed for her own forces under the Treaty. The Italian representative on the Military Production and Supply Board has produced a paper giving impressive figures on Italian surplus productive capacity. In addition, the Italian representative on the Defense Financial and Economic Committee, some months ago, raised the matter of fuller employment of Italian manpower in North Atlantic defense production. A greater exploitation of Italian productive capacity and of Italian technical skill than is now possible under the terms of the Peace Treaty would contribute materially to the defense of Western Europe.

Concerning the foregoing three general criteria of restrictions on the military activities of Italy the question arises as to the timing of the lifting of these restrictions. The current over-all efficiency of the existing Italian armed forces can be improved considerably. A particular deficiency is the lack of a competent corps of non-commissioned officers and technicians. Therefore, even if current NATO planning results in the establishment of a firm requirement for Italian armed forces in excess of Treaty limitations it would be militarily unsound to permit the Italians to expand their armed forces until the existing forces achieve a higher degree of efficiency. On the other hand, in the military production field Italy could now exceed the levels prescribed by the Treaty and thereby contribute more than is now possible to the accelerated NATO production program. As regards the limitations on weapons and other implements of war which the Italian armed forces may possess, the armed forces as now constituted could profitably employ certain types of such equipment in quantities in excess of Treaty limitations.

Using the above considerations as a basis for analyzing the military articles of the Peace Treaty, it is apparent that the military interest of NATO would be furthered by the immediate revision or rescinding of the following articles:

Article 52 (Acquisition of German war material)—Italy should be in a position to participate in any program wherein Germany supplies war material to NATO nations.

Article 53 (Manufacture or possession of war material in excess of own requirements)—Italy's surplus military productive capacity should be utilized to the benefit of NATO nations.

It would be desirable, but it is not immediately mandatory, that the following articles of the Treaty be amended in order to increase the capabilities of the Italian armed forces at their present strength:

Article 54 (Limits tanks to 200)

Article 56 (Limits size of Italian Fleet)
Article 59 (Limits types of vessels in, and tonnage of, the Italian Navy)
Article 64 (Limits Italian Air Force to 350 aircraft by type).

At such time as it is determined that the Italian armed forces, at Peace Treaty strength, have attained an acceptable degree of efficiency, it is militarily desirable that the following articles of the Peace Treaty be revised to permit Italian armed forces to carry out the roles and missions assigned them by NATO:

Article 60 (Limits personnel of Italian Navy)
Article 61 (Limits personnel of Italian Army and Carabinieri)
Article 65 (Limits personnel of Italian Air Force).

POSSIBLE POSITIONS

There are a number of possible positions which might be taken by the United States and other Governments with respect to the military clauses of the Italian Peace Treaty:

1. The word and intention of the Peace Treaty could be accepted as constituting binding obligations, the fulfillment of which would be the primary consideration even in the face of Soviet aggression. This position might well place the defense of Western Europe in jeopardy. It would be small consolation if Soviet Forces were to advance across Europe to know that the Italian Treaty limitations had been faithfully honored by the Western Powers. This is particularly true when viewed in the light of the substantial contribution which Italian production and manpower could make to the NATO defense.

2. The possibility of achieving the desired result by a liberal legal interpretation, while maintaining the intention of honoring the Treaty, has been explored. Such a position does not, however, achieve the desired result of assuring Italian defense nor its participation in the full defense production effort being developed by NATO.

3. As a similarly undesirable position, the United States and other principal signatories of the Peace Treaty might inform the Italian Government that they would raise no objection to violations of certain clauses of the Peace Treaty leaving the matter of violation solely to the Italians. While this might accomplish the purpose of permitting Italy to strengthen its defense and to make the maximum contribution to the Western European defense effort, it would certainly weaken the US position in support of the principle of rule of law. It would also encourage the Italians to violate other provisions of the Peace Treaty, the complete fulfillment of which is desired by the United States and other countries.

4. The position might also be taken that the military clauses of the Peace Treaty should be revised, but only in accordance with procedures established in the Treaty, to permit the Italians to participate to the fullest extent of its capabilities in the defense of Western Europe. The Treaty provides that the military provisions may be revised by agreement between the Allied and Associated Powers and Italy or by agreement between the Security Council and Italy. As the use of the veto by

the Soviet Union has prevented Italy from becoming a member of the United Nations it is not within the realm of practicality that the Soviet Union as long as it continues in the Security Council would permit a revision of the military clauses of the Italian Peace Treaty. As the time for action is so short, it is likewise unreasonable to delay action pending another Soviet boycott of the Security Council, at which time the Western Powers might act in respect of the Italian Peace Treaty.

5. The preferable position would appear to be the revision of the military provisions of the Italian Peace Treaty in accordance with international practice justified on the basis of developments unforeseen during the negotiation of the Italian Peace Treaty. The Italian Peace Treaty was negotiated on the assumption that the United Nations in which Italy would be accepted as a full member would assure conditions of a lasting peace. To this end it was necessary that the ex-enemy countries be severely limited in their capacity for aggressive warfare, and, as peace was to be assured by the establishment of the United Nations, only a minimum of defensive capability need be permitted. An aggressive, totalitarian power with subversion and force as its instruments now threatens not only certain of the Allied and Associated Powers, but also some of the ex-enemy countries which have established democratic governments and are conducting themselves in accordance with democratic tradition. The aggression in Korea is the brutal manifestation of the type of aggression faced by the free world which must, therefore, undertake to prepare its defenses.

The Charter of the United Nations in Article 51 specifically recognizes "the inherent right of individual or collective self-defense if armed attack occurs against a Member of the United Nations". Article 4 furthermore provides that "Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present Charter and, in the judgment of the Organization, are able and willing to carry out these obligations". The majority of the countries concerned have on several occasions determined that Italy meets all of the requirements for membership, and its participation in nearly all international organizations carrying out the aims of the Charter gives further justification for its admission, which has been repeatedly denied by Soviet veto. The very power that has denied Italy the rights and privileges of a member of the United Nations is the one that, by its hostile posture and menacing words, has forced the nations of the Atlantic community including Italy to organize their collective self-defense under the North Atlantic Treaty. Because of these developments Italy, as a free, democratic and peace-loving country, should be given the right as recognized in the Charter of the United Nations to develop its military strength for its own defense and for participation in the collective defense of the Atlantic community.

The limitations contained in the military provisions of the Italian Peace Treaty are effectively preventing Italy from carrying out a

program for its defense and for its full participation in the NATO defense effort. As these are aims authorized by the United Nations Charter, the signatories of the Italian Peace Treaty should now agree to the removal of these limitations. If all signatories were to agree, such action would be in accordance with the provisions of the Treaty. Even though the Soviet Union and its satellites were to oppose such action, as might be expected, the approval of such revision by the majority of the signatories would be sufficient to permit Italy to take the necessary action.

PROCEDURE

Because of the special position established by the Italian Peace Treaty for the United States, United Kingdom, France and the Soviet Union it is desirable that informal discussions be undertaken between U.S. and British representatives, and then the subject should be further explored with the French in order that the principal Western Powers may have a firm agreed position, along the lines of the fifth possibility suggested above, on the action to be taken to remove the limitations contained in the military clauses of the Italian Peace Treaty. This position might then be submitted to the North Atlantic Treaty Organization for appropriate documentation and support of the NATO. The signatories to the Italian Peace Treaty in that organization could then by formal communication and with appropriate justification call upon all other signatories of the Peace Treaty including the Soviet Union and its satellites to become associated with the proposed revision of the Italian Peace Treaty. As the intent of the action would be to give Italy the right of defense recognized in the United Nations Charter, the anticipated Soviet propaganda could be countered. Such a declaration of interest, if accepted by most of the signatories other than the Soviet Union and its satellites, would serve to permit Italy to develop its military strength in accordance with the agreed revisions.

765.5 MAP/9–2050

Memorandum by the Deputy Director of the Mutual Defense Assistance Program (Ohly) to the Assistant Secretary of State for European Affairs (Perkins)

SECRET WASHINGTON, October 9, 1950.

Subject: Italian Peace Treaty

The MDAP Monthly General Report from Embassy Rome, covering the month of August 1950 (Embassy Despatch 908, dated Septem-

ber 20, 1950 [1]) stresses the importance of a uniform approach by all elements of the U.S. Government, and impliedly by all NATO governments, toward general and specific Italian Peace Treaty questions. Specifically, the report makes the following comments and suggestions:

"The tendency of the Italians to use the present situation as a lever to pry the lid off Peace Treaty limitations has intensified. In the judgment of the Embassy it is very important that there be complete coordination between the Department, U.S. representatives on NATO organizations in London and Paris, and this Embassy with reference to both general and specific Peace Treaty questions. Otherwise the U.S. will be beset with constant confusion in the Italian program, resulting from efforts of the Italians to get different answers in different forums."

I call this matter to your attention for such action as you may deem appropriate, since I concur fully in the importance attached to this problem by our Embassy in Rome.

[1] Not printed.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND ITALY

[For text of Agreement effected by exchange of notes signed at Washington February 7, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 160.]

AIR TRANSPORT SERVICES AGREEMENT BETWEEN THE UNITED STATES AND ITALY AMENDING THE AGREEMENT OF FEBRUARY 6, 1948

[For text of Agreement effected by exchange of notes dated at Washington March 21 and 24, 1950, which entered into force March 24, 1950, see 1 UST 455.]

LUXEMBOURG

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND LUXEMBOURG AMENDING THE AGREEMENT OF JULY 3, 1948

[For text of Agreement effected by exchange of notes signed at Washington January 17 and 19, 1950, which entered into force January 19, 1950, see *United States Treaties and Other International Agreements* (UST), volume 1, page 163.]

1522

NETHERLANDS

RELATIONS OF THE UNITED STATES WITH THE NETHERLANDS

611.56/8–2250

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] August 25, 1950.

THE NETHERLANDS AND POSSESSIONS

A. OBJECTIVES

The principal objective of United States policy toward the Netherlands is to ensure the continuance of the present effective participation by the Netherlands in the cooperative effort of the Western European nations to achieve economic recovery and mutual defense against totalitarian aggression. In line with this major objective, we seek to encourage the existing democratic regime in the Netherlands and to strengthen the Netherlands economy.

As regards the Netherlands West Indies and Surinam, our main objective is to ensure political stability in these possessions; a related objective is to ensure that the flow of strategic materials from this area to the United States continues without interruption. It is equally important that the cooperation between the Dutch military authorities in Curaçao and the United States Caribbean Command based in Panama be continued since these Netherlands possessions lie within the strategic area of the Panama Canal.

B. POLICY ISSUES

Political. The major concern of the Netherlands Government at present is the integration of the Netherlands into a closer association with Western European democracies. Dutch policy aims at strengthening the Benelux Customs Union, active participation in the Brussels Treaty System and the OEEC, closest cooperation in the North Atlantic Pact, and expanding commercial relationships with Western

[1] Policy statements on various countries were prepared periodically in the Department of State and updated every year or two. The previous study on the Netherlands was dated November 15, 1948, but apparently all copies were destroyed upon receipt of this revision. Copies of the source text were sent to London, Paris, Brussels, Moscow, Frankfort, Copenhagen, Luxembourg, The Hague, Curaçao, Canberra, Singapore, Hong Kong, Djakarta, and the United States Mission at the United Nations in September and October.

528–933—77——97

Germany.[2] The United States considers that these objectives of the Netherlands Government should be encouraged.

The attitude of the Dutch people toward the US, influenced by historical ties and more recently by such foreign policy programs as ERP, NAT, etc., is cordial. In the present tense international situation, the Dutch Government is cooperating closely with the United States Government. Dutch friendliness toward the US, however, has been affected in certain quarters by our policy with regard to Indonesia.[3] The Dutch feel deeply their loss of Indonesia which has reduced them from a wealthy empire of 80 million people to a small nation of 10 million. There are some in the Netherlands who feel that the United States was responsible, through the role played by its representative on the United Nations Commission for Indonesia, for the loss of these rich islands. While such a feeling is, of course, ridiculous as a means of correcting such misinformation and supporting traditional friendship and cooperation, now more necessary than ever, we must continue to intensify our program of information and educational exchange in the Netherlands. The signing of the Fulbright Agreement with the Netherlands in May 1949 with the subsequent educational-exchange plans, and the opening of a USIE operation in Amsterdam will constitute an important part of this program.

Since 1945, the United States has pressed for a settlement of the struggle between the Indonesian Republic and the Netherlands and has been a member, together with Belgium and Australia, of the United Nations Commission for Indonesia. In late 1949, a Round Table Conference in The Hague [4] transferred sovereignty to Indonesia and established the Netherlands-Indonesian Union, a voluntary association which offers opportunities for cooperation between the two nations in every field. While Indonesia was a dollar earner for the Netherlands prior to the war, the Netherlands is making a net contribution to the recovery of the Indonesian Republic at the present time.

It is in our interest to endeavor to maintain and strengthen the Netherlands-Indonesian Union. In Indonesia the Dutch have much to offer. They can exert a very stabilizing influence on the new nation and do a great deal to place it on a sound economic footing. We should assure the Dutch that the United States has no desire to replace them in Indonesia. On the contrary, we desire them to maintain as friendly and profitable a relationship with the new Republic as is possible.

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[2] For further documentation on the participation of the Netherlands in the North Atlantic Treaty Organization and the Organization of European Economic Cooperation, see pp. 611 ff.

[3] For documentation on United States policy toward Indonesia, see vol. VI, pp. 964 ff.

[4] For documentation relating to the Round Table Conference in The Hague, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 119 ff.

As regards Netherlands New Guinea, we hope that an amicable settlement of the dispute over the sovereignty of that area can be reached by the two Union partners under the terms of the Round Table Conference. If negotiations do break down, as it possible, we favor a continuation of Dutch administration in some form such as a UN trusteeship over the area with the Netherlands as the trustee.

Economic. As a result of decisions taken at the London Conference on Germany in June 1948,[5] ways have been found, or are being found, to consider the views of the Netherlands regarding the German settlement in general, and certain specific Dutch problems such as those relating to matters of trade and economic interests between Holland and Germany and to Dutch claims for frontier rectification. Holland's economic prosperity has traditionally been dependent upon a large volume of trade with Germany. Long-range Dutch recovery must be similarly geared.

As a favorable influence on the economic and commercial policy of the Netherlands Government and a concrete example of western European economic cooperation, the United States has encouraged and should continue to encourage Netherlands participation with Belgium and Luxembourg in the Benelux Union. Under Benelux ordinary customs duties on trade among the three countries were abolished and a common tariff on imports from outside the Union adopted on January 1, 1948. While a full customs union as defined in the ITO Charter has not yet been achieved, the participating countries set July 1950 as the date for arriving at a substantially complete economic union. However, this date was not met principally because of the resignation of the Belgian Government in April of this year and the dissolution of the Belgian Parliament over the troublesome royal question.

Particularly because the Benelux Union is often cited as an example for wider European unions, we should observe closely the potentially restrictive aspects of the Union and their effects on the European Recovery program. For example, in determining their future course of industrial development, countries of the Benelux group have agreed that expansion of productive capacity in 23 major industries, as well as the establishment of new industries, would be made subject to consultation between the member governments with the apparent purpose of eliminating "undesirable" competition. There is strong reason to suspect that the intra-industry discussions to implement this intergovernmental agreement have extended to subjects other than non-expansion of productive facilities, e.g., limitations on production and division of markets. We should keep constantly informed with

[5] For documentation on the London Conference on Germany, February 23–June 1, 1948, see *Foreign Relations*, 1948, vol. II, pp. 81–312.

respect to such private restrictive arrangements. We should endeavor to persuade the Netherlands Government that the employment of private producer agreements as a substitute for the governmental trade barriers being removed within Benelux could frustrate the basic objectives of the Union and also prove detrimental to the European Recovery Program. The Netherlands Government should be encouraged to take appropriate measures to prevent or eliminate agreements among industries not to enter fields of production reserved for other producers, division of markets or other restrictive arrangements which would eliminate the competitive stimulus to lowered costs and prices and increase efficiency. The removal of governmental trade barriers would have failed of their purpose if they did not place inefficient enterprises under great pressure to increase efficiency, reduce costs or shift into lines of production in which they could be more efficient.

The Netherlands Government has stated that it is now willing to proceed to the negotiation of a proposed treaty of friendship, commerce and navigation, the treaty to contain an escape clause in case there are certain provisions which conflict with the Benelux agreement. It has indicated that it hopes to set a date for resuming active discussions on or about the first of October. We should continue to encourage the Netherlands to open actual negotiations as soon as possible.

While nearly all of the OEEC countries, plus Canada and the United States, have combined in an informal but permanent group known as the Paris Consultative Group for the purpose of coordinating a multilateral program of security export controls, the Netherlands Government has insisted that it cannot formally join this informal body and prefers to continue to discuss its own problems bilaterally with the United States. Nevertheless, Netherlands representatives have attended all of the meetings of the Consultative Group and its Coordinating Committee and participated in the discussions; and while the Netherlands has refused to be bound formally by the decisions reached in these groups, to date it has abided by such decisions as faithfully as the other countries. Since the Consultative Group is still in its formative stages this 'observer' status has not posed any insurmountable difficulties and Netherlands cooperation has proved satisfactory. However, if present US desires for the Consultative Group are realized and it becomes a relatively important organization capable of resolving most export control problems without excessive referrals to Foreign Offices, lack of membership on the part of the Netherlands Government would be a handicap for all concerned. It is felt that when such a stage has been reached, the United States will be able to prevail upon the Netherlands to review its policy toward the group and become a full member.

Aviation. The negotiations which this Government has been carrying on intermittently with the Netherlands Government for an air transport agreement over the past four years have come to a head. The Dutch seek commercial rights for KLM at New York on the Amsterdam–Curaçao run. Since KLM is one of the major dollar earners of the Netherlands, it would be in line with our commercial policy, in endeavoring to reduce the dollar gap, to grant these rights. The Department in a letter from the Under Secretary has urged the Civil Aeronautics Board to agree to such a grant. It may finally be necessary to carry this matter to the White House for a decision.[6]

C. RELATIONS WITH OTHER STATES

Indonesia. Harmonious and genuine cooperation between the Union partners is hampered by a residue of Indonesian distrust of Dutch motives and intentions. Some Dutch military, civil service and business groups have found it difficult to adjust to Indonesian independence. On the other hand, certain Indonesian elements have led even the most sympathetic Dutch leaders to believe on occasion that there is no real intention on the part of Indonesia to live up to its commitments under the Round Table Conference Agreements.

The question of sovereignty over Netherlands New Guinea will probably come to a head this year. Under the terms of the Round Table Conference this issue was to be settled by consultation within the year. Since the RTC, the Indonesians have stated that they are going to take over Netherlands New Guinea. The Dutch, goaded by such statements, have now informed us by note that they do not intend to release their sovereignty over this area. In this they are supported by the Australians who have no desire to see such a change of sovereignty.

United Kingdom. While the Netherlands places great reliance on Great Britain, minor differences of opinion do exist. The UN embargo on arms shipment to Dutch East Indies, the apparent reluctance of the British to commit themselves more fully to a policy of European economic collaboration, and the arrangements made by the British with Royal Dutch Shell by which the dollar earnings of the oil company, including those from the Curaçao refineries, are placed under the control of the British Government, are constant points of irritation. However, these points are relatively minor and essentially Dutch relations with the United Kingdom are excellent.

Belgium. The cornerstone of Dutch foreign policy is close economic and political association with Belgium and Luxembourg. Belgium has

[6] Documentation on the negotiations for an air transport agreement with the Netherlands, including the text of Under Secretary Webb's letter of August 4 to the Civil Aeronautics Board, is in file 611.5694.

consistently supported the Dutch position in the Caribbean and in Indonesia and has served as the Netherlands appointee to the United Nations Commission for Indonesia. When the Benelux Union is fully operative, the two countries will be one economic unit. Negotiations are proceeding at the present time looking toward the integration of the financial policies of the two countries. It is axiomatic that Belgium and Holland will be drawn closer together on the political side because of their very close economic collaboration.

France. The relations of the Netherlands with France are now conducted largely within the framework of the Brussels Treaty System, the OEEC, and the North Atlantic Treaty. The Dutch, when their own particular interests are not at stake, often devote their efforts in attempts to reconcile the divergent and conflicting points of view of the British and French in the two organizations. They are not inclined to count too heavily on French support in a crises and tend to look with disfavor on what they consider to be political and economic instability in France.

Germany. The Dutch believe that an economically viable Germany is essential not only to their own well being but to the general prosperity of western Europe. Since their own economic welfare is so dependent on conditions in Germany, they are probably foremost among the European nations in advocating the integration of Germany into the western European economic community. They fear and hate German aggressiveness but are advocating, together with the United States, a rebuilding of Germany. They are convinced, however, that proper safeguards should be taken to prevent the resurgence of German armed might.

USSR. Holland fears and distrusts Russia probably even more than she feared and distrusted Germany. The Dutch believe that a strong stand is the only possible course at this time, and have therefore cooperated thus far in placing controls on exports to satellite nations and in all plans for the rearmament and economic strengthening of western Europe.

D. POLICY EVALUATION

The Netherlands has consistently supported US policies and procedures, especially in relation to European economic recovery, western European defense, and international cooperation for the maintenance of peace and for economic and social advancement. At times hostile propaganda has succeeded in creating in certain quarters in Holland the impression that US policy in Indonesia at least is governed chiefly by an antagonism to the Soviet Union and by considerations of US business interests which result in a lack of proper concern on our part for the vital interests of the Dutch. However, it is believed that Dutch

dissatisfaction has been somewhat ameliorated by the successful conclusion of the Round Table Conference at The Hague, which resulted in independence for Indonesia and for which the Dutch themselves must accept responsibility along with the Indonesians. A strong USIE program in the Netherlands and its possessions to explain and to interpret US policy with respect to controversial issues is nevertheless essential to help rach and to keep informed Dutch public opinion, as well as to counteract adverse propaganda being spread from the east.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS AMENDING THE AGREEMENT OF JULY 2, 1948

[For text of Agreement effected by exchange of notes signed at The Hague January 16 and February 2, 1950, which entered into force February 2, 1950, see *United States Treaties and Other International Agreements* (UST), volume 1, page 665.]

AGREEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS RESPECTING A MUTUAL AID SETTLEMENT

[Agreement interpreting and implementing the agreement of May 28, 1947. For text of Agreement effected by exchange of notes signed at Washington June 1 and 8, 1950, which entered into force June 8, 1950, see 1 UST 638.]

NORWAY

RELATIONS OF THE UNITED STATES WITH NORWAY

611.57/9–1550

Policy Statement Prepared in the Department of State[1]

SECRET [WASHINGTON,] September 15, 1950.

NORWAY

A. OBJECTIVES

The objective of our policy toward Norway is to seek continued and effective Norwegian cooperation with us in the building of a strong, stable, prosperous and democratic Europe and Atlantic community. Since an essential condition of such constructive effort is reasonable security against the threat of Soviet expansion and the spread of communism, we seek the continued development of Norway's ability and willingness to participate effectively with us and with the other western European countries in opposing these threats. Our policies, therefore, are directed toward maintenance of existing friendly and cooperative relations between the US and Norway; at promoting Norway's economic recovery; at encouraging its participation in the development of more effective European economic and political association; and at strengthening Norwegian defense within the NAT framework. These objectives are grounded on the interests of our security and well-being and coincide also with our natural affinity for a nation of similar democratic institutions and ideals.

B. POLICIES

Relations between the US and Norway have almost without exception been friendly and have been characterized by a virtual absence of serious political issues. Attachment to the same concepts of democracy, mutually profitable commerce, and the presence in the US of large numbers of American citizens of Norwegian descent have contributed to this condition. Both the US and Norway have enjoyed a long background of neutrality and relative isolation from European conflicts.

[1] Policy statements on various countries were prepared periodically in the Department of State and updated every year or two. The previous study on Norway was dated November 10, 1948, but apparently all copies were destroyed upon receipt of this revision. Copies of the source text were sent to posts in the Scandinavian countries and to London, Paris, Moscow, Frankfort, Dublin, The Hague, Ottawa, and the United States Mission to the United Nations.

Both have undergone parallel foreign policy revolutions of relatively recent origin as the result of German aggression in the last war and the existing threat of Soviet expansion which has for the first time during peace made relations between the two countries a matter of vital interest to both.

The political and military value of Norway as an ally lies not only in the moral and material weight of an additional democratic country lining up with us against further Soviet expansion, but is due also to its strategic location. Norway lies across the great circle air route between North America and western Russia and is in a position to command the exits from the Baltic and Barents Seas. . . . Norway, in addition, possesses a merchant marine of about 5,000,000 gross tons, the third largest in the world, which in the event of an emergency would be a most significant contribution to an allied defense effort. Finally, Norway's forthright westward orientation has proved to be of great advantage to US policy in Scandinavia from a diplomatic standpoint. The influence of Norway was important in the decision of both Denmark and Iceland to join the North Atlantic Treaty, and it remains a helpful instrument in implementing our policies in northern Europe.

We have implemented our policy toward Norway since the war by providing political, economic and military support to that country. At the outset of the post-war period financial assistance in the form of Export-Import Bank, Surplus Property, and War Assets loans were made to the Norwegian Government to assist in repairing the devastation of war in which Norway had lost approximately one-fifth of its total national wealth, including one-half of its merchant marine. These measures were, however, only stop-gaps, and American assistance was undertaken on a large scale later through Norway's inclusion in the ERP. The substantial help given in this way has achieved its purpose of raising the standard of living and bringing Norway well along the path to recovery and reconstruction. Political and military support through the North Atlantic Treaty and MDAP followed.[2]

On its side Norway has departed from its traditional Scandinavian neutrality, realizing that its security as well as its economic well-being lie in close cooperation with the countries of the North Atlantic area.

Fear of the Soviet Union began to develop in Norway in 1946 when the Soviets unsuccessfully proposed to the Norwegian Government a joint defense agreement for Spitzbergen, a matter which Norway

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[2] For the text of the Mutual Defense Assistance Agreement between the United States and Norway, signed January 27 at Washington, see Department of State *Bulletin*, February 13, 1950, pp. 250–253, or Treaties and Other International Acts Series No. 2016. Further documentation on the Military Defense Assistance Program in Norway is in files 740.5 MAP and 757.5 MAP.

contended should be dealt with in accordance with the United Nations Charter. This fear was sharpened by the spectacle of Soviet intimidation of its neighboring satellite countries and obstructionism in the United Nations and in various international conferences. The Communist *coup d'état* in Czechoslovakia and the Soviet invitation to Finland to negotiate a defense pact were watched with apprehension. Concurrent rumors originating in European Communist circles to the effect that Norway would be invited to negotiate a similar pact greatly added to its sense of menace and impelled the Norwegian Government to announce that under no conditions would it enter into such a defense pact with the Soviet Union and further that Norway was determined to defend itself against threats to its independence from any quarter. The United States actively encouraged Norway in its determination to defend its independence.

These events, together with Norway's state of military unpreparedness, caused the Norwegian Government in March 1948 to approach the US with a view to examining the basis for military collaboration between the two countries and to request our assistance in equipping the Norwegian armed forces. We found it possible at that time to offer Norway only token quantities of supplies which were, however, not taken up by the Norwegians. At the same time we foreshadowed the formation of a collective defense pact in accordance with the Vandenberg Resolution and during the next several months kept the Norwegian Government informed, usually at its own behest, of the development of the pact and our preliminary discussions with the Brussels Treaty powers.

From the first the Norwegian Government exhibited intense interest in the formation of a security pact in the North Atlantic area. It also entered in the late summer of 1948 into conversations with Sweden and Denmark looking toward inter-Scandinavian military cooperation. The Norwegian purpose in participating in these negotiations was apparently the formation of a Scandinavian security pact which might later be associated in some form with the new pact developing in the west. Sweden, on the other hand, viewed the discussions as an opportunity to draw its neighbors, Norway and Denmark, into a pact based on an isolationalist policy of strict neutrality. During the parleys the United States informed the three governments that it favored the formation of a Scandinavian pact provided its members were not impeded thereby from participating in broader regional arrangements. We also informed them that owing to limitations of supply US military assistance would go on a priority basis to countries qualifying for it under the terms of the Vandenberg Resolution and those to which we had previous commitments. Under the circum-

stances, Norway felt that its security would not be adequately safeguarded by the Swedish proposal for a neutral bloc barred from association with the west and the Scandinavian discussions ended in disagreement.

Since joining the North Atlantic Treaty, the Norwegians have raised with us on several occasions the problem of military cooperation with Sweden. During the examination by Norway, Denmark and Sweden of the possibilities of a Scandinavian Pact, the necessities and possibilities of military cooperation between the three countries for the defense of Scandinavia were thoroughly reviewed and certain *de facto* conclusions of a preliminary kind were reached. Norway has shown a desire to continue cooperative planning although Sweden is apparently unwilling to pursue it further because of its neutrality policy. Subject to the decisions of the Northern European Regional Planning Group and the Defense Committee of the Pact, we favor the idea of Norwegian-Swedish defense cooperation on a reciprocal basis should it prove possible.

In January 1949 the Soviet Union, when Norway's intention to join the North Atlantic Pact became evident, addressed a strong note to the Norwegian Government stressing the common border between Norway and the USSR and demanding to know whether Norway intended to grant military bases on its territory to the western powers. In reply, the Norwegian Government assured the Soviets that Norway would not provide bases for foreign powers as long "as Norway is not attacked or exposed to threats of attack". The Soviet Union returned to the charge in February by rejecting the Norwegian answer and inviting Norway to enter into a non-aggression pact. In its final, reply the Norwegian Government refused the Soviet proposal but reiterated its determination not to grant base rights to foreign powers except under the conditions mentioned. . . .

Since joining the North Atlantic Pact the Norwegian Government has participated constructively in the development of its organization and defense planning. It was clear during the early phases of the Pact that the Norwegians, considering themselves as being "on the firing line", were primarily interested in the concrete measures necessary for the immediate improvement of their defense position. Norway expected the Military Assistance Program to get under way more immediately than proved possible and there were signs of concern on the part of Norwegian Government officials lest the confidence of their people in the North Atlantic Pact be undermined. Norway also expected and desired the participation of the US in the Northern European Regional Planning Group but was apparently satisfied with our final decision that we would "actively participate as appropriate"

in the work of the Group. During the discussions leading to the estabment of the North Atlantic Planning Board for Ocean Shipping, the Norwegian Government evinced its strong interest in all decisions arrived at and pressed particularly for the acceptance of certain principles which it advocated, especially those concerning financial arrangements for the operation of their ships in an emergency. The Norwegian merchant marine, in the event of the occupation of the homeland by an enemy, is vital to Norway as providing the means for future reconstruction and rehabilitation. We may expect, therefore, that the Norwegians will continue to press their views most actively in this connection. Our attitude will continue to be sympathetic in attempting to reach a solution in keeping with the principles of mutual assistance and the best interests of collective defense.

The Norwegians indicated their strong interest in the 1950 Mutual Defense Assistance Program by very thorough advanced preparation and cooperation. Consequently the program as finally put into effect is satisfactory to Norway and fits in well with the initial phases of a six-year defense program recently adopted by the Norwegian Government. A temporarily difficult problem developed, however, regarding the numerical size of the Military Assistance Advisory Group. The Norwegian Government is sensitive to the possibility of domestic criticism regarding a large American military mission in Norway and is also concerned about the difficult housing and office space situation in Oslo which has at times required requisition of space and expulsion of local people in order to accommodate our own. We have insisted only that the MAAG be adequately staffed to assure the effective use by Norway of the military assistance which we make available.

Aside from the Communists, opposition to the North Atlantic Pact within Norway was, and to some extent remains, concentrated mainly within the ranks of the ruling Labor Party where certain . . . doctrinaire socialists and intellectuals motivated by pacifism, by reluctance to join a front against the Soviet Union, or by a desire for cooperation with neutral Sweden gave the Government a brief period of uneasiness just prior to Norway's decision to join the Pact. This was dispelled when, owing partly to excellent leadership by the Government both the Labor Party Congress and the Storting voted overwhelmingly in favor of adherence to the Pact. That this decision reflected accurately the will of the Norwegian people was indicated in the elections of October 1949, in which the Labor Government increased its absolute majority in the 150 member Storting from 76 to 85 seats. The previous Communist representation of 11 seats was eliminated altogether.

Although the Communists polled 100,000 votes in the election, the Party membership was in 1949 less than 15,000. With its relatively

healthy economic and social conditions and deep-seated allegiance to democratic ways, Norway offers barren ground for the growth of Communism and the election results represented a blow from which the Party is still staggering. Shortly after the election, and partly due to Communist losses therein, a long smoldering feud between two rival leaders broke out, splitting the Party wide open and bringing Communist influence in Norway to a new low.

The attitude of the Norwegian people toward the US, influenced by new and old ties, is friendly, although tempered by doubts concerning the reliability and consistency of US foreign policy, by distrust in labor circles of American capitalism and by uneasiness in some quarters about Norway's commitments under the NAT and MDAP. To combat these reservations we will continue and intensify our program of information and educational exchange with Norway including our program under the 1949 Fulbright Agreement.

Under the European Recovery Program the US had made available over 300 million dollars of direct and indirect aid to Norway up to June 30, 1950. We will continue this ECA assistance in line with our policies for European recovery and integration. The assistance given to Norway thus far has provided the margin necessary for continued progress in Norwegian post-war rehabilitation and recovery, which in the spring of 1948 seemed doomed by the drain on gold and foreign currency reserves. Nevertheless, Norway's import deficit, largely financed by ECA assistance, continues to be so high as to create considerable doubt as to the possibility of the country being able to maintain its present standard of living after US assistance terminates in 1952. Exports have not increased proportionately to industrial production, partly because of increased domestic consumption, and income from shipping has disappointed expectations due to falling freight rates. Moreover, certain economic and social policies of the Norwegian Government which provide for extremely high rates of investment and taxation and are designed to maintain full employment do not appear well suited to promoting exports and reducing imports. The problem of the Norwegian imbalance of payments concerns our government not only because of our objective to help Norway back to economic viability by 1952, but because of the inhibiting effect which this problem has upon Norway's willingness to take measures toward trade liberalization which are vital steps toward European integration. Norway's willingness in this respect is affected not only by the fact that the Norwegian economy is unusually dependent by its nature upon imported manufactures, raw materials and foodstuffs, thus requiring a careful husbanding of resources under present circumstances, but also because the Government and Labor Party fear

the relaxation of import controls on the grounds that increased imports of consumer goods will necessitate a reduction of the Government's investment and reconstruction program and cause mass unemployment. Removal of import restrictions is also feared as a threat to the ability of certain protected Norwegian industries to compete with foreign producers.

In spite of such considerations Norway has explored during the past two years the establishment of a Scandinavian Customs Union with Sweden and Denmark, but has found it impossible to join in such an organization at this time because of competitive disadvantages and the lack of market for Norwegian exports in Sweden and Denmark. Nevertheless, a joint power project providing for the export of Norwegian electricity through Sweden to Denmark is under consideration and may be undertaken with the help of ECA. In addition, a proposal to liberalize payment transfers and tourist allowances as between the United Kingdom, Norway, Sweden and Denmark, under the name of UNISCAN, was adopted in January of 1950 as the first step in a regional financial arrangement.

Norway has participated fully in the OEEC and has abided by the majority decisions. Its performance in trade liberalization measures so far has fallen short of the agreed 50 per cent mark for the elimination of quantitative restrictions on imports only in the case of manufactured goods. However, there is increasing opposition in the Government and trade unions to an extension of liberalization and Norway remains cool to the concept of western European economic federation.

Our objective is to persuade the Norwegian Government to take the measures we deem necessary to improve its balance of payments position and concurrently to play an active role in European economic integration, a difficult task in view of the above complications and the necessity of our avoiding interference in internal Norwegian affairs. An example of the type of individual problem we face is the question of our attitude toward the Norwegian Government steel project at Mo-i-Rana, an undertaking costing the equivalent of $57 million, including a small amount of ECA funds, intended to make Norway partially self-sufficient in steel. Although the project is a prime political objective of the Labor Party, it demands the diversion of considerable resources over a period of time before it will contribute to recovery. Our attitude will be based on an objective study of the long-run economic justification of the project in Norway taking into account also its relation to European economic integration.

Norway has shown its agreement with certain US economic policies by signing the ITO charter and by negotiating GATT agreements granting reciprocal tariff concessions on an extensive range of goods.

We are at present engaged in negotiating mutual tariff concessions which it is hoped will increase the flow of commodities in both directions. Cooperation by Norway in implementing controls in east-west trade has been highly satisfactory.

In the case of certain other policies, such as our policy of protection of our merchant marine as manifested by the ECA 50% clause, the Norwegians are highly critical since their dollar earning capacity is directly limited thereby.

C. RELATIONS WITH OTHER COUNTRIES

Since the warning note sounded by the USSR just prior to Norway's joining the North Atlantic Pact relations between Norway and the Soviet Union have been quiet and correct. There has been no further official bluster by the latter, although the Soviet press and radio have been indefatigable in harping on the theme that Norway is being prepared under American military advisers as a base for aggression against the USSR. At the end of 1949 Norway and the USSR signed a convention regulating the Norwegian-Soviet border and the use of the water of the Pasvik River. This convention was negotiated and has been implemented without complications. However, in the spring of 1950 negotiations failed for the renewal of the Trade Agreement between the two countries. The Soviets first insisted upon the inclusion in the list of Norwegian exports of small quantities of molybdenum concentrate which Norway had exported in the past. Finally, presumably satisfied that Norwegian production had been suspended and that Norway was not withholding the item for political reasons, the USSR indicated the way was clear to a new treaty. However, at the last minute when the final proposals were under consideration the Soviets introduced a demand for 10,000 tons of aluminum, a 9,000 ton increase over the proposed amount and clearly incapable of fulfillment by Norway in view of other commitments. While other western countries have similarly failed to reach trade agreements with the USSR, it is speculated that the Soviet motive is to weaken Norway which depends heavily on imports from the USSR. One-third of Norway's bread grain requirements, manganese ore, and other important imports have been obtained in recent years from that source with consequent dollar savings.

Close cooperation with Sweden and Denmark, which has in the past been the keystone of Norwegian foreign policy, has been substantially modified by Sweden's remaining outside the North Atlantic Treaty. Relations between Denmark and Norway continue to be exceedingly intimate, intensified by their joint membership in the NATO which now represents the center of gravity for Norwegian foreign policy. In the field of politico-military affairs, both countries are engaged in

close cooperation with the UK in the Northern European Regional Planning Group within the Treaty Organization. Relations with the UK based upon political, cultural, and commercial affinity and the experience of the last war have traditionally been closer than any Norwegian foreign relationship outside Scandinavia and it was in the joint Anglo-Norwegian Economic Cooperation Committee that the idea of UNISCAN germinated. Any intensification of relations between Norway and the UK is, however, somewhat limited by Norway's determination to draw closer to the US as chief source of support for improving Norwegian defense and of assistance in time of emergency. Norwegian policy quite frankly rests on the assumption that its political and military security is based on US rather than UK power and on the belief that its economic salvation lies in greater US and Canadian commitment in economic plans being formulated for Europe rather than in plans for regional or European integration without US participation.

The post-war divergence between Norway and Sweden has resulted in some deterioration of customarily intimate Norwegian-Swedish relations. The change in feeling toward Sweden is not as apparent in the Norwegian Government, which has continued to seek cooperation, as it is among the Norwegian people who have tended to hark back to the days of the last war when Sweden was bitterly criticized for its neutrality and for concessions granted to Germany after the latter's occupation of Norway. Although there exists a deep-rooted feeling among Norwegians of solidarity with other Scandinavian peoples, it is unlikely that recurrent feelings of irritation with Sweden sometimes manifested in the Norwegian press and reciprocated by the Swedish press will subside altogether until Swedish foreign policy is altered.

Since the drafting of the United Nations Charter at San Francisco in May and June 1945, Norway has participated in the work of the United Nations Organization to an extent surprising in a nation whose population and resources are so limited. It furnished the first Secretary-General of the United Nations, Trygve Lie, who had earlier been Foreign Minister of Norway. Its representatives and its nationals holding positions in the Secretariat, have in the main been persons of outstanding diligence and competence. The Norwegian representative on the Security Council, of which Norway is a member for the term 1950–52, took a distinguished part in the debate during July and August 1950 regarding the complaint of aggression against the Republic of Korea.[3] Norway, like the United Kingdom, has recognized the Chinese Communist regime, and for this reason Norway's position

[3] For documentation on the discussion of the Korean question in the Security Council, see volume VII.

in United Nations organs diverges from that of the United States with regard to the question of Chinese representation.

D. EVALUATION

Our post-war policy toward Norway has been and continues to be successful. As long as Norway remains a free democracy and the US remains determined to support free democracies Norway will be a steadfast ally. Our present partnership is based on a substantial identity of interest and an absence of serious disagreement. With every sign that the US is determined to stand firm against Soviet aggression and with each new evidence of US support for Norway, Norway's confidence in and reliance upon the US is increased. Any diminution of this attitude on the part of the US would have the reverse effect on Norway. No individual conflicts of interest not impinging on these fundamental facts are likely to alter the situation. The attitude of skepticism toward the US in certain Norwegian circles is slowly giving way to trust and good will as a result of a growing appreciation of the Soviet threat to world peace and United States support of Norway.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND NORWAY AMENDING THE AGREEMENT OF JULY 3, 1948

[For text of Agreement effected by exchange of notes signed at Washington January 17, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 166.]

AGREEMENT BETWEEN THE UNITED STATES AND NORWAY RESPECTING MUTUAL DEFENSE ASSISTANCE

[Agreement amending the agreement of January 27, 1950. For text effected by exchange of notes signed at Oslo June 30, 1950, which entered into force on the same date, see 3 UST (pt. 1) 581.]

AGREEMENT BETWEEN THE UNITED STATES AND NORWAY RESPECTING RETURN TO THE UNITED STATES OF UNUSABLE MATÉRIEL FURNISHED NORWAY UNDER THE MUTUAL DEFENSE ASSISTANCE PROGRAM

[For text of Agreement effected by exchange of notes dated at Oslo December 12 and 28, 1950, which entered into force December 28, 1950, see 6 UST (pt. 5) 6151.]

PORTUGAL

RELATIONS OF THE UNITED STATES WITH PORTUGAL

611.53/10–2050

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] October 20, 1950.

PORTUGAL

A. OBJECTIVES

The primary objectives of US policy toward Portugal are: (1) to maintain and improve existing cordial relations; (2) to ensure continuation and development of the facilities now granted to us in the Azores; (3) to encourage Portuguese participation in efforts to achieve economic, political and military integration in western Europe and coordination in North Atlantic area; and (4) to aid in the economic and strategic development of Portugal's large African possessions.

B. POLICIES

United States relations with Portugal are on a close and friendly basis. Portugal is a participant in the European Recovery Program, the North Atlantic Treaty, and the Military Defense Assistance Program and it is hoped that it will also participate in any ultimate European political or economic union. However, ideas looking toward the closer association of the European nations, and particularly the idea of a federated Europe, have long been anathema to the Portuguese Government which believes that any organization of Europe must be based on the "cooperation of national sovereignties." While the Portuguese Government has not closed the door to consideration of such arrangements, it has revealed strong suspicion that they might threaten both the present form of government in Portugal and the integrity of Portugal's overseas territories. This feeling is strong also among educated Portuguese who suspect foreign influence as threatening their country's independence and rights. There is consequently no reason to anticipate Portuguese participation in the foreseeable future in any efforts looking toward the closer association or ultimate political union of the European nations.

[1] Policy statements on different countries were prepared at frequent intervals by the Department of State and updated every year or two.

The most important aspect of our relations with Portugal in recent years has been the United States Air Forces' requirement for air base facilities in the Azores area. On February 2, 1948, the existing agreement for transit facilities for US military aircraft at Lagens airfield was extended for a period of five years.[2] In addition, US and Portuguese personnel are cooperating in such related activities as the training of Portuguese personnel, the operation and maintenance of the airfield and the construction of new technical facilities. In view of Portugal's participation in the NAT, questions relating to the extension of the present agreement to make it coterminous with the NAT will be discussed within the appropriate organ of the treaty organization.

As a participant in the European Recovery Program, Portugal requested and was allocated financial assistance for the first time during 1949–50. Portugal received $31.5 million in direct dollar aid from the ECA, of which $27.5 million was provided as a loan and $4 million as a grant. Portugal also received the equivalent of $18.2 million in assistance from other participating countries. Because of the recovery of Portuguese trade with western Europe, this latter figure represented only about 70 percent of the intra-European aid to which Portugal was entitled. The amount of direct ECA assistance Portugal will receive during 1950–51 has not been determined yet. The amount of assistance Portugal may receive from other OEEC countries in 1950–51 will depend upon the trends in Portugal's trade with western Europe as well as the settlement of intra-European accounts through the newly established European Payments Union, in which Portugal also participates.

The serious and continuous decline in Portuguese gold and dollar reserves was halted during 1949–50, primarily through the strict application of controls on dollar imports. Portuguese imports from the United States in 1950 are about one-fourth below the 1949 level, and exports have increased by one-third, so that the adverse dollar trade balance has been cut almost in half. The 15 percent devaluation of the escudo as against the dollar, in September 1949, undoubtedly helped to stimulate this improvement. At this rate of improvement, and with more than $200 million in gold and dollar reserves, $200 million in other currency reserves, and with continued ERP assistance, it is believed that Portugal will be able to cover her foreign exchange requirements for the next several years without a dangerous drain on her reserves.

The long-term Portuguese recovery program is built around basic development projects, having as their core the development of hydro-

[2] For documentation on the negotiations leading to the agreement on transit facilities at Lagens airfield, see *Foreign Relations*, 1947, vol. III, pp. 1019 ff.

electric power. The program includes primarily projects feasible of completion by 1952, and which will provide the greatest contribution to the Portuguese and European dollar position by the end of the European Recovery Program. The chief problem with regard to the development of power as well as other investment projects is the scarcity of investment capital in Portugal, a condition arising out of the relatively low level of economic development. This condition is worsened by the steady rise in population, the medieval relics of absentee-landlordism and the absence of any development towards a more modern social and business structure.

In connection with the recovery program, an effort is being made to encourage the Portuguese to place greater emphasis on accelerating the development of their colonial territories in order to increase the proposed contribution of the colonies to European recovery. It is intended that some Point IV assistance will be made available for this purpose, beginning in 1950–51. Because of the US interest in the strategic materials of the non-Portuguese territories in East Africa, specifically Northern and Southern Rhodesia, we have been concerned over the fact that the port of Beira in Mozambique is a major transport bottleneck. During the past year arrangements for port improvements were worked out, including the building of a special dock to handle materials arriving from the British territories. Portugal will receive a further ECA loan equivalent to $2 million to finance the Beira improvements.[3] In addition, the ECA is conducting surveys of Portuguese colonial resources with a view to determining the nature and scope of the assistance required to carry out further specific development projects in the colonies. In the interests of such development, it is also hoped that the existing Portuguese restrictions on foreign investments, both in the homeland and in the colonies, will be relaxed.

The US is interested in promoting maximum trade, on a multilateral and non-discriminatory basis, between Portugal and other countries, including the US. US trade policy is directed toward obtaining adherence of Portugal to the General Agreement on Tariffs and Trade, and a Treaty of Friendship, Commerce and Navigation in order to formalize and strengthen economic relations between the US and Portugal. A draft treaty was presented to the Portuguese Government in March 1950, for study and comment prior to the commencement of negotiations.[4]

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[3] Further documentation on the development of the Beira port facilities is in the London Embassy Files: Lot 59 F 59: 500 Marshall Plan.

[4] Documentation relating to the draft treaty of friendship, commerce, and navigation, submitted to the Portuguese Government on March 7, is in file 611.534.

The problem of obtaining the restitution of German looted gold discovered in Portugal is still at issue. The best offer elicited from the Portuguese Government during the course of prolonged negotiations has been a proposal to deliver 3.9 tons of gold ($4.4 million) out of 44 tons ($48 million) identified as looted. The Portuguese Government has stated that it stands by this offer although it would not be able immediately to honor this commitment due to the deterioration of its gold position. The US, UK and France presented similar notes to the Portuguese Government on May 27, 1950, proposing that the matter be submitted to litigation.[5] Meanwhile, German property in Portugal is being liquidated, and the proceeds are being blocked pending final solution of the looted gold problem.

Our information and cultural relations program in Portugal is designed to increase and strengthen friendship between the US and Portugal and to develop feelings of transatlantic solidarity as well as a growing feeling of a community of interest with the US. We seek to stimulate interest in the US and to create and foster appreciation of American ideals.

C. RELATIONS WITH OTHER STATES

Anglo-Portuguese relations are firmly based on the centuries-old alliance between the two countries. During the war the UK was granted important air and sea bases by Portugal, and in May 1948 the Portuguese extended facilities to the UK in the Azores identical to those accorded the US. Portuguese friendship for Great Britain stems from the decades when the British fleet was the guarantor of Portuguese sovereignty and colonial possessions. With the change in the world positions of the US and UK, this friendship is becoming largely a matter of tradition. Time has not, however, diminished the importance to the UK of a friendly and stable government in a country flanking one of its main sea lanes.

Serious difficulties in postwar economic relations between the two countries were settled by the signing of the British-Portuguese Monetary Accord of April 13, 1949, recently extended for one year, which improved Portugal's balance-of-payments position vis-à-vis the UK. The Beira Convention of June 20, 1950, signed after three years of study and negotiation, provides for the improvement and full utilization of the port and railway of Beira in Mozambique, and will regulate for 20 years this technical aspect of Portuguese-British colonial economic relations.

Geographic factors make close relations with Spain essential for Portugal despite Portuguese mistrust of the dream of Iberian unity

[5] The text of the U.S. note and related documentation is in file 611.00231.

still held by a few Spanish nationalists. Portugal, which forms only a small enclave in the Iberian Peninsula, has its natural defense line on the Pyrenees frontier; and events in Spain have a profound influence on political stability in Portugal. These factors have led to close relations between the two countries which are facilitated by the similarity of political outlook on the part of both right-wing regimes. The close ties are evident in the Iberian bloc formed in 1942, and in the 1939 Treaty of Mutual Friendship and Non-Aggression and its 1940 Protocol, which were renewed in 1948 for another ten years. The Portuguese Government has sought with growing insistence to have Spain included in the integrated programs of western Europe. Early in 1948 it proposed that Spain be admitted to the ERP. Later, when Portugal was considering the invitation to join the NAT, Spain invoked the provision of the 1940 Protocol requiring prior consultation in Iberian defense matters. Although the Portuguese Government refused the Spanish request to make Portugal's acceptance of participation in the NAT conditional upon the invitation of Spain, it has vigorously urged the other members to provide, at least indirectly, for Spanish participation in western European defense arrangements. On September 16, Portugal presented these views officially, for the first time, to the NAT Council.

By history and tradition the Catholic Church has played an important role in the political and social evolution of Portugal. Underlying the corporate organization of the *Estado Novo* are principles based largely on Papal doctrines of social action, and the regime has granted the Vatican legal safeguards for the interests of the Church in the Concordant and Missionary Agreement of May 5, 1940. Although the character and intellectual development of Premier Salazar himself have been strongly influenced by Catholic teachings, his nationalistic regime shows traces of the independence declared by Pombal. Salazar has not followed the Vatican in sanctioning strikes and has repeatedly suspended publications of the Catholic Action's local organ. The recent termination of the ancient religious privileges enjoyed by Portugal in India may also create a new influence in its relations with the Vatican. Under the "Patriarchate of the East" system, Portuguese nationals had to be chosen for certain Indian bishoprics, while for others the prior agreement of the President of the Portuguese Republic was required. These rights were lost under an agreement of July 18, 1950, an event which may now stiffen Salazar's attitude on questions involving relations between Church and State.

Although French-Portuguese ties are not particularly close, amicable relations exist between the two countries, based primarily on cultural bonds. Recently steps have been taken to expand these rela-

tions through a commercial agreement which was concluded on November 17, 1949. Talks designed to increase the commodity exchanges under this agreement were held in the spring of 1950.

No diplomatic relations have ever been maintained between Portugal and the USSR, and the attitude of the two countries is one of mutual dislike. Salazar is strongly anti-Communist and anti-USSR, and the great majority of the Portuguese people fear and oppose Soviet influence. The USSR has upon occasion denounced the Salazar government in terms similar to those it customarily reserves for the present Spanish regime, and has consistently vetoed Portugal's application for membership in the United Nations. Commercial contact between the two countries is limited almost exclusively to an occasional shipment of Portuguese cork.

Relations with the Republic of India are of special interest to the Portuguese, who still have three possessions on Indian's west coast. These colonies, small in area and relatively unimportant economically, are of great historical interest to Portugal as symbols of the country's past colonial greatness. Portuguese sovereignty over these possessions has been threatened in recent years by the Indian desire to remove all vestiges of European colonialism from the area. The Government of India formally suggested the matter be negotiated; Prime Minister Nehru on several occasions has stated his desire to incorporate the Portugnese territories into India, and a high-ranking Indian minister has been sent to Lisbon primarily to negotiate the question. However, the Portuguese Government informed the Government of India in a note of August 1950 that legally the Indian territories form an integral part of the Portuguese homeland and their status cannot be the subject of negotiation. The situation is further complicated by the possibility that Portugal may invoke that clause in the Anglo-Portuguese Alliance which binds the UK to help defend all Portuguese territories.

The Portuguese Government is currently preoccupied over the threat to the security of the colony of Macao posed by the consolidation of Communist control in south China. A remnant of the Portuguese empire, the colony is situated on the Chinese mainland near Canton. Portugal has declared its intention of defending Macao if the UK is similarly willing to defend Hong Kong, and has dispatched military units to the colony. It has informed the US that it prefers to defer recognition of the Chinese Communist government until the latter gives evidence of international responsibility and the US and France decide to take similar action. Portugal pointed out, however, that the precarious situation of Macao might force recognition upon it at any time.

Portugal's relations with its former colony, Brazil, are based on common culture, language, and blood. The Portuguese Government has consistently shown its close interest in Brazil through its efforts to strengthen common cultural institutions and to take advantage of all opportunities to demonstrate its friendship.

A common concern with the problems of African defense and development has led to increasing cooperation on colonial matters among Portugal, France, the UK, Belgium and the Union of South Africa. Portugal took the initiative in calling the Central African Transportation Conference of May 24, 1949 to exchange information, recommend general measures of improvement, and draft an agenda for a second conference to be held in Johannesburg in 1950. Portugal is also an active member of the Commission for Technical Cooperation in Africa South of the Sahara, and has taken part in numerous conferences on African problems. Recently, the Portuguese Foreign Minister stated that "the future of Europe is in Africa."

While Portugal has not been admitted as a member of the United Nations, it has taken an active part in a number of affiliated agencies, in particular ICAO. The US had a leading role in sponsoring the Portuguese membership application, but there is at present little hope that Portuguese membership in the UN will be achieved in the face of Soviet opposition.

D. POLICY EVALUATION

The continuation and development of the military facilities which we are using in the Azores is of preeminent importance in our relations with Portugal. Other important aspects of our relations with Portugal are, therefore, designed and directed along lines best calculated to serve our interest in the undisturbed development of this relationship.

While the Portuguese Government is a full and active participant in the North Atlantic Treaty, there have recently been signs that its participation in the integrated defense plans will be increasingly concerned with the defense of the Iberian Peninsula, and specifically the participation of Spain in these plans. Portuguese preoccupation with this problem, which has found no support among the other NAT members, may also become a complication in our efforts to relate a new Azores agreement directly to the NAT and the defense plans under it.

A survey of Portuguese requirements under the Military Defense Assistance Program has just been completed. No decisions have yet been made on the amount or type of military assistance which will be given. An increase in Portugal's production of military supplies also will probably require the extension of some assistance. The rela-

tively low level of industrial development alone serves to limit Portuguese capabilities of production for military purposes, aside from such traditional products as textiles and minerals.

In the economic field the Portuguese Government is confronted with the dual need to expand production from limited resources, and at the same time hold down to moderate size the foreign exchange drain resulting from a continuous balance of payments deficit. The US interest is in influencing and assisting the Portuguese in the direction of the slow but cumulative changes necessary to achieve a more rapid economic development as well as to achieve viability in Portugal's international accounts. While the country still faces a continued adverse trade balance and business recession, it is anticipated that the ERP aid being extended to Portugal will assist in the amelioration of these conditions.

[Annex]

Supplement to the Policy Statement on Portugal

TOP SECRET [WASHINGTON,] October 20, 1950.

Azores Negotiations

The JCS have established a requirement for long term base rights in the Azores. Immediate plans call for the development and expansion of existing operational and storage facilities for the Air Forces and ultimately for naval anchorages and facilities for naval aircraft.

In response to our suggestion that the existing Azores Agreement be made coterminous with the NAT, the Portuguese Government stated, in February, that it could "not . . . permit in time of peace the establishment of military bases or foreign areas on its territory." From subsequent discussions it became clear that in Portuguese Government opinion the implementation of the present agreement has given the US a "base" on Portuguese territory contrary to its fundamental position. These discussions also revealed their expectation that Portuguese personnel at Lagens would be sufficiently trained, by the time any new agreement is made, to permit their Air Force to assume such responsibility for essential operational services as will satisfy their desire that Lagens shall be a Portuguese base, rather than one jointly occupied and used by US and Portuguese forces.

The Portuguese Government also indicated that any further discussion of this question should take place within the NAT, a preference which we believe stems from their desire to tie any extension of Azores facilities to the satisfactory development of NAT plans for Portugal's defense. Once these plans, which have been developed in

the North Atlantic Ocean Regional Planning Group, have been finally approved, we plan to raise this matter again with the Portuguese. Their unwillingness to extend such facilities in peacetime remains to be overcome and it will be necessary to convince them that arrangement for the utilization of these facilities, which are the most important contribution Portugal can make to the strengthening of the collective defense of the North Atlantic Ocean Region, as well as of western Europe, must be completed as soon as possible before it becomes too late for such arrangements to be effective in the general defense. Meanwhile the development and expansion of existing facilities may be permissible within the existing bilateral agreement without waiting for the conclusion of negotiations to bring it directly under the NAT.[6]

[6] For further documentation on Portugal's role in NATO and the question of bases in the Azores, see pp. 1 ff. Documentation on the Military Assistance Program for Portugal is in file 753.5 MAP.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND PORTUGAL AMENDING THE AGREEMENT OF SEPTEMBER 28, 1948

[For text of Agreement signed at Lisbon February 14, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 169.]

SPAIN

RELATIONS OF THE UNITED STATES WITH SPAIN: THE SPANISH QUESTION AT THE UNITED NATIONS; UNITED STATES ECONOMIC POLICY TOWARD SPAIN; UNITED STATES INTEREST IN THE ACTIVITIES OF VARIOUS SPANISH EXILE GROUPS; THE QUESTION OF A BILATERAL DEFENSE AGREEMENT WITH SPAIN[1]

611.52/1–1650

The Secretary of State to the Chairman of the Senate Committee on Foreign Relations (Connally)

WASHINGTON, January 18, 1950.

MY DEAR SENATOR CONNALLY: In response to your letter of January 16[2] and following my consultation with the Foreign Relations Committee I am pleased to send you a more detailed statement on United States policy toward Spain, particularly as it affects the problem of sending an Ambassador to Spain. I am sending a similar letter to Senator Vandenberg, Judge Kee and Dr. Eaton.[3]

The Spanish question has been magnified by controversy to a position among our present day foreign policy problems which is disproportionate to its intrinsic importance. Organized propaganda and pressures have kept this controversy alive both here and abroad and have served to stimulate more emotional feeling than rational thinking. Thus far, we have succeeded in dealing with this question on a broad bi-partisan basis through our distinguished delegations to the United Nations. A clarification of some of the issues might help now to put this question in its proper framework in relation to the broader aspects of our policy.

Since the end of the war there have been a number of international actions with respect to Spain. It was agreed at the Potsdam Conference in the summer of 1945 and at the San Francisco Conference of the United Nations that same year that Spain could not be a member of the United Nations as long as the present Government remains in power. This position was endorsed by the first session of the General Assembly of the United Nations in London in February 1946.

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[1] For previous documentation, see *Foreign Relations*, 1949, vol. IV, pp. 721 ff.

[2] Not printed; it asked Secretary Acheson to keep the Foreign Relations Committee informed on any new developments with respect to Spain. (611.52/1–1650)

[3] Arthur H. Vandenberg, ranking Republican on the Foreign Relations Committee; Judge John Kee, Chairman of the House Foreign Affairs Committee; Charles A. Eaton, ranking Republican on the Foreign Affairs Committee.

In April 1946, the Security Council discussed fully relations with the Spanish Government, and again in December the matter was debated by the General Assembly at even greater length. The Resolution which finally passed the General Assembly recommended that the Franco Government be barred from membership in specialized agencies of the UN and that all members of the United Nations immediately recall from Madrid their Ambassadors and Ministers Plenipotentiary accredited there.[4]

This matter was discussed again by the General Assembly in November 1947. In the voting on various resolutions the two-thirds rule resulted in the refusal to reaffirm the 1946 Resolution. However, the Resolution was not repealed.[5]

In May 1949, the General Assembly undertook a further discussion of the Spanish question, but no change was made in the Resolution.[6]

The United States has opposed moves in the United Nations to bring about a break in diplomatic relations with or to impose economic sanctions against Spain. This position is based on the Security Council view that the existence of the Franco Regime in Spain is not a threat to peace, and on our view that such outside pressures would either unite the Spanish people against the development of democratic freedoms or would precipitate the Spanish people themselves toward civil war with unknown but inevitably costly consequences.

Entirely aside from its views concerning the present regime in Spain, the United States has long questioned the wisdom and efficacy of the actions recommended in the 1946 Resolution. At the time that Resolution was debated, the United States Delegation, because of its reservations on the sections dealing with Chiefs of Mission and with Security Council action abstained in the vote in the Political Committee. It voted for the Resolution in the plenary session of the General Assembly "in the interests of harmony and of obtaining the closest possible approach to unanimity in the General Assembly on the Spanish problem."

Experience since that time has served to confirm our doubts about these recommendations. They were intended as a gesture of disapproval and an attempt to bring about a change in the Spanish Government. In retrospect it is now clear, however, that this action has not only failed in its intended purpose but has served to strengthen the position of the present regime. This action of the United Nations

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[4] For documentation on the Spanish question before the United Nations in 1946, see *Foreign Relations*, 1946, vol. v, pp. 1023 ff.

[5] For documentation on the Spanish question before the United Nations in 1947, see *ibid.*, 1947, vol. III, pp. 1053 ff.

[6] For documentation on the Spanish question before the United Nations in 1949, see *ibid.*, 1949, vol. IV, pp. 721 ff.

and discussions of the Spanish question in subsequent sessions of the General Assembly have all been represented in Spain as foreign interference in Spanish internal affairs. The Spanish reaction has been no different from that to be expected from any proud people.

Although some members of the United Nations no longer observe the recommendation with respect to Chiefs of Mission and have returned Ambassadors or Ministers to Madrid, the recommendation has not been amended or repealed by the General Assembly. Since the support and strengthening of the United Nations is a fundamental principle of our foreign policy, and since we attach importance as a matter of policy to compliance with United Nations recommendations, we are continuing to adhere to the 1946 Resolution so long as it remains in effect.

The question arises, therefore, whether the Resolution itself should be changed. Political considerations which have created general reluctance to accept Spain as a partner in the close cooperation among the Western European nations also apply to this situation. This is a problem which requires consideration by many nations and is not a matter which can be solved by the United States alone.

This is not a problem of recognition, as it has frequently been portrayed. The 1946 Resolution on Spain does not call for a break in diplomatic relations with Spain. The United States formally recognized the present Spanish Government on April 1, 1939, and we have had continuous diplomatic relations ever since. Three American Ambassadors had been accredited to that Government before the 1946 Resolution was passed. When the Resolution came into force, the United States abided by the recommendation that Ambassadors be withdrawn by refraining from appointing another Ambassador to fill a vacancy which existed at that time.

In our view, the withdrawal of Ambassadors from Spain as a means of political pressure was a mistaken departure from established principle. It is traditional practice, once a state has been formally recognized, to exchange Ambassadors or Ministers and is usually without political significance. At the Ninth International Conference of American States in Bogotá, this principal was incorporated in Resolution 35 which states in part that "the establishment or maintenance of diplomatic relations with a government does not imply any judgment upon the domestic policy of that government." [7] However, the withdrawal of Ambassadors from Spain disregarded this principle. By attaching moral significance to the *refusal* to maintain full diplomatic

[7] For documentation on the Ninth International Conference of American States held at Bogotá, Colombia, during April 1948, see *Foreign Relations*, 1948, vol. IX, pp. 1 ff.

relations with Spain, this action has also implied moral significance to the *maintenance* of full diplomatic relations through the return of Ambassadors. This situation inevitably led to confusion in public opinion both here and abroad. On the one hand, the question of returning Ambassadors to Spain has tended to become identified with the larger issue of whether it is desirable to have closer relations with the present Spanish Government. On the other hand, public bewilderment has been increased over the inconsistency of accrediting Ambassadors to such countries as those in Eastern Europe whose regimes we do not condone while, at the same time, refusing to appoint an Ambassador to Spain.

At the General Assembly last spring a majority of the members who voted on the Latin American resolution relating to Spain expressed a wish to revise the 1946 Resolution in such a way as to permit members to exercise freedom of action in determining whether to return Ambassadors or Ministers to Madrid. It is the opinion of this Government that the anomalous situation with respect to Spain should be resolved. The United States is therefore prepared to vote for a resolution in the General Assembly which will leave members free to send an Ambassador or Minister to Spain if they choose. We would do this for the reasons I have already stated and in the hope that this aspect of the Spanish issue would no longer be available to be used by hostile propaganda to create unnecessary divisions within the United Nations and among our own people. Our vote would in no sense signify approval of the regime in Spain. It would merely indicate our desire, in the interests of orderly international intercourse, to return to normal practice in exchanging diplomatic representation.

We have stated on a number of occasions that we would favor the amendment of the 1946 Resolution of the General Assembly to permit specialized agencies to admit Spain to membership if, in the opinion of the specialized agencies, Spanish membership would contribute to the effective work of these organizations. We believe that membership in these agencies should be determined, to the extent practicable, on the technical and non-political basis. It has already been discovered on a number of occasions that the work of these specialized organizations has been impaired through the inability of Spain to accept the obligations and restraints, as well as the privileges of their activities.

These conclusions by the United States Government do not imply any change in the basic attitude of this Government toward Spain.

The policy of the United States toward Spain is based on the recognition of certain essential facts. First, there is no sign of an alternative to the present Government.

Second, the internal position of the present regime is strong and enjoys the support of many who, although they might prefer another

form of government or chief of state, fear that chaos and civil strife would follow a move to overthrow the Government.

Third, Spain is a part of Western Europe which should not be permanently isolated from normal relations with that area. There are, however, certain obstacles to the achievement of this. Spain, for reasons associated with the nature, origin and history of the present Spanish Government, is still unacceptable to many of the Western European nations as an associate in such cooperative projects as the European Recovery Program and the Council of Europe. We believe that this is a matter in which the Western European nations must have a leading voice. These programs, which require for their success the closest possible cooperation between the participants, are directed to the strengthening and development of the democratic way of life as opposed to the threats to it posed by Communist expansion. This is a policy which we and the Western European nations have agreed upon. It is not merely a negative reaction to Communism. It is, rather, a positive program to support and strengthen democratic freedoms, politically, economically and militarily. In that context the participation of the present Spanish Government, unless and until there has been some indication of evolution toward more democratic government in Spain, would weaken rather than strengthen the collective effort to safeguard and strengthen democracy.

We are therefore continuing our efforts in a frank and friendly manner to persuade the Spanish Government that its own interest in participating in the international community, and particularly in the Western European community, requires steps toward democratic government which offers the best hope for the growth of basic human rights and fundamental freedoms in Spain. It requires cooperation on the part of all parties and, as must be evident, it is not fundamentally a matter which can be successfully brought about by American action. The decision as to what steps can and should be taken is obviously one for Spaniards alone. At the same time, it is difficult to envisage Spain as a full member of the free Western community without substantial advances in such directions as increased civil liberties and as religious freedom and the freedom to exercise the elementary rights of organized labor. It is significant that one of the first acts of the new International Confederation of Free Trade Unions was to pass a resolution condemning the present government of Spain, and opposing any assistance to Spain "until such time as democratic and full trade union rights have been restored and the workers are once more able to make their contribution to the country's recovery." [8]

[8] Documentation on the activities of the International Confederation of Free Trade Unions is scheduled for publication in volume IV.

United States economic policy toward Spain is directed to the development of mutually beneficial economic relations. This policy is based on purely economic, as distinct from political, grounds. We believe that private business and banking arrangements and trade activities with Spain should be conducted on a free and normal basis. The Department interposes no political objections and restrictions on such activities.

So far as economic assistance from this Government is concerned, Spain is free to apply to and consult with the Export-Import Bank for credits for specific projects on the same basis as any other country. While the United States Government definitely does not favor the extension of a general balance of payments loan to the Spanish Government to use as it sees fit, it is quite prepared to acquiesce in the extension of credits to Spain covering specific and economically justifiable projects. It has been made clear to all Spaniards, both private and official, that Spanish applications for such projects will be considered on the same basis as those from any other country and the final decision will be made, in accordance with the Bank's regular policy, not only on the basis of the need for the credit and the suitability of the particular purpose to be served, but also on whether there is a reasonable prospect of repayment.

The successful development of mutually beneficial economic relations between the U.S. and Spain is entirely dependent upon the equal cooperation of both parties. Unfortunately, however, little progress has been made. The U.S. sincerely desires to facilitate normal business and trade with Spain but ultimate success depends on the cooperation of the Spanish Government in taking constructive steps to promote its trade and to attract foreign investment. In order to assist in the development of these activities, the negotiation of a new Treaty of Friendship, Commerce and Navigation was offered by the United States. To date, the Spanish Government has indicated no interest in such arrangements. Efforts have also been made to encourage the Spanish Government to simplify its export and import controls and its foreign exchange system, which is based upon a multiplicity of rates, in order to establish an exchange rate which would permit Spanish goods to compete, particularly in the dollar market. Furthermore, efforts have been made to encourage the Spanish Government to lift the restriction of 25% on the participation of foreign investors in any Spanish enterprise and to accord better treatment to existing foreign investments, both of which are today distinct hindrances to the flow of investment to Spain. We have, in connection with these problems, pointed out to interested Spaniards and to the Spanish Government that the present critical situation in the Spanish dollar bal-

ance of payments seems to derive from difficulties many of which it is believed could be substantially rectified by action of the Spanish Government. To date, however, that Government has taken little action along these lines. In the Department's opinion the next steps to be taken in furthering mutually beneficial economic relations between Spain and the United States are up to the Spanish Government.[9]

Sincerely yours, DEAN ACHESON

[9] The text of this letter had been cleared by the Departments of State and Defense, the National Security Council, and President Truman and was released to the press on January 19 by Senator Connally. An earlier draft of the letter, entitled "Statement by the Secretary of State on Spain," had been left with President Truman on January 5. Except for several textual changes suggested by the President, it is the same in substance as that transmitted to Senator Connally. (711.52/1–550) Documentation reflecting the reactions to Secretary Acheson's letter in other countries, within Spain, and among the various Spanish exile groups is in file 611.52.

611.52/1–2450

Memorandum of Conversation, by the Director of the Office of Western European Affairs (Achilles)

CONFIDENTIAL [WASHINGTON,] January 24, 1950.

Participants: Mariano Yturralde, Director General for Economic Affairs, Spanish Foreign Office
T. C. Achilles, WE

Yturralde called to say goodbye before returning to Spain. In response to my question as to how he felt about his visit, he said that naturally the limited extent to which the Eximbank might be able to meet the projects he had raised was somewhat disappointing but that on the whole he was not discouraged. On his return to Spain he would push the formulation of specific requests for fertilizer plants and phosphate, lead and zinc mining machinery. He said that Mr. Gaston [1] had appeared satisfied with the general information concerning Spanish economy which he had brought but that he would be glad to assist in furnishing any further information which might be desired and that his government would be glad to have a representative of the Bank visit Spain at any time to conduct any investigations it might wish.

He expressed gratification at the Secretary's letter to Senator Connally. I used this opening to say that we were sincerely desirous of better relations with Spain but that this was necessarily a two-way street. We believe that good will and constructive action by the Span-

[1] Herbert E. Gaston, Chairman and President of the Board of Directors of the Export-Import Bank.

ish Government was essential to the improvement of relations and we deplored the Spanish belief that Spain had merely to sit tight and be accepted on its own terms. One example of the Spanish attitude was the expurgation of the letter before its publication in Spain. He said that he had of course read the whole letter and saw no reason why any of it should have been expurgated. I cited as another example the continued presence here of Lequerica [2] and reminded him that we had some weeks ago asked his government for a clarification of Lequerica's status but have received no reply. I said that Lequerica would undoubtedly claim and probably receive credit for the eventual return of Ambassadors but that I thought it only fair his government should know that this and any other step in improving relations would be taken despite Lequerica's efforts rather than because of them. He said that he had attempted to stay exclusively within the economic field while here but that he would of course take note of my statements and advise the Foreign Minister of them.[3]

[2] José Felix de Lequerica, Spanish Ambassador at Large, had come to the United States in the spring of 1948 for the ostensible purpose of inspecting the Spanish Embassy and Consulates and had remained despite a number of efforts to have him recalled or have his status clarified.

[3] On January 25, Yturralde had a similar conversation with Willard L. Thorp, Assistant Secretary of State for Economic Affairs, and William B. Dunham, Country Specialist in the Office of Western European Affairs. A memorandum of this conversation is in file 852.00/1–2550.

752.00/3–2750

Memorandum of Conversation, by Mr. John Y. Millar of the Office of Western European Affairs

CONFIDENTIAL [WASHINGTON,] March 27, 1950.

Participants: Señor José Antonio Aguirre—President of the Basque Republic in Exile
Señor Galindez—Representative in the U.S. of the Basque Republic in Exile
Mr. Tobin—RA [1]
Mr. Dunham—WE
Mr. Millar—WE

Señor Aguirre called at his own request and talked for two hours about the Spanish situation and opposition activities.

He said that while he thought the non-Communist opposition groups (Monarchists, Republicans, Socialists, Catalans and Basques) could eventually agree to a program for substitution of the Franco Govern-

[1] Irwin M. Tobin of the Office of European Regional Affairs.

ment and that considerable progress on preliminary discussions have been made during the past year, development of a united opposition would be greatly facilitated by the moral support of the United States. Although this support could take many forms, he felt that a statement now such as the Tripartite Declaration of March 4, 1946 [2] would be helpful. The primary reason for the failure of the 1946 Tripartite Declaration was, he believed, that it appeared before opposition discussions had progressed sufficiently far to capitalize on the anti-Franco support.

If the opposition gets together and if it has promise of support from the United States, he feels that there is a good chance that top level Army officers would force Franco to step down, to be replaced by the government upon which the opposition had agreed. He also thought that the Vatican would back this plan.

He told us in extreme confidence that the Basque opposition elements in Spain were considering participation in a general strike on May 1, 1950, but that he had advised against Basque participation unless it appeared likely that the strike would actually break out all over Spain. If the Basques alone participated, he believed that the Basque country would suffer needlessly from suppression and retaliation.

Señor Aguirre plans to leave New York on March 27, 1950 and return to Paris. He has been in Mexico, Venezuela and Cuba visiting Basque groups. While in Washington he said that he had talked to officials of the CIO, AF of L and the ADA and had spoken to a group of 13 Senators and an unspecified number of Congressmen.

[2] For the text of the Tripartite Declaration of March 4, 1946, and partial texts of the accompanying 15 documents, see Department of State *Bulletin*, March 17, 1946, pp. 412–427.

740.5/4–2150

Memorandum by the Acting Assistant Secretary of State for European Affairs (Thompson) to the Secretary of State

SECRET [WASHINGTON,] April 21, 1950.

Subject: US position on Spanish participation in the NAT and military cooperation with Spain outside the NAT.

Discussion:

Attached is a briefing paper on this subject, prepared for your guidance in the event this matter arises during the NAT Council meetings. Mr. Halaby [1] of the Department of Defense has indicated that from

[1] Najeeb Halaby, Director of the Office of Foreign Military Affairs.

the purely military point of view, his Department believes that in any discussion of Spain which may occur in London, the US should be prepared to go further in proposing steps for insuring Spanish military cooperation than is provided in the attached paper. In view of the Defense Department's interest in Spain, it is possible that Secretary Johnson may raise the question of this position paper when he meets with you on April 24.

A review of our Spanish policy is currently being prepared, having in mind such factors as the military importance of Spain, in order to devise more effective means for its implementation. Any substantial changes, such as the action desired by the Department of Defense, would, however, require the President's approval, particularly in view of his strong feelings on the subject. Once the US position has been established and approved, we propose to undertake working-level conversations with the British and French to establish, insofar as possible, agreed objectives and methods of implementation. We believe the problem of Spain is a matter which must be worked out in close cooperation with the British and French and that it is preferable to explore it with them in this manner rather than to discuss it formally with the British and French Foreign Ministers. Raising simply the issue of military cooperation with Mr. Bevin at this time would, in our opinion, only serve to crystallize British opposition, to the detriment of a more thorough review of the Spanish problem as a whole.

Recommendation:

If Secretary Johnson raises this question with you, it is recommended that you inform him in the above sense.[2]

[Attachment]

Memorandum by the Country Specialist in the Office of Western European Affairs (Dunham)

SECRET [WASHINGTON,] April 15, 1950.

SPAIN

PROBLEM

U.S. position on Spanish participation in the NAT and military cooperation with Spain outside the NAT.

BACKGROUND

The Portuguese have frequently advocated Spanish participation in Western European defense planning and in the NAT, most recently

[2] No record of Secretary Acheson's conversation with Secretary Johnson has been found in Department of State files.

in a letter to Secretary Johnson from the Portuguese War Minister.[3] Press speculation on this problem again developed during the recent NAT meetings at The Hague. In response to inquiries, U.S. officials indicated that the Chiefs of Staff of most NAT countries agree on the necessity of establishing bases in Spain but realize it is primarily a political problem. Press reports, based on this, speculated that a proposal was being considered under which the U.S. would lease and develop Spanish airfields and that the approval of the British and French Governments would be sought at the forthcoming Foreign Ministers' conference.

DISCUSSION

The Portuguese will probably raise this subject during the NAT Council meetings. In our opinion, the problem is primarily political, not military, and as such must be dealt with in political terms. This is equally true of indirect as well as direct Spanish participation in the NAT. It is a matter that we believe must be decided in cooperation with our Western European allies. Their strategic interest in Spain is equal to ours but their political interest is greater and we feel they must have a leading voice in the decision. The U.S. and most of these governments favor the earliest practicable integration of Spain into the Western European strategic pattern, but they still consider, as we do, public acceptance of Spain in these programs to be politically impracticable at this time. As long as our joint policy is based on the positive concept of strengthening and safeguarding Western democracy, and not merely on a negative reaction to Communism, it is difficult to envisage Spain as a partner in this collective effort unless and until there is some indication of evolution toward democratic government in Spain.

Unilateral action by the U.S. to establish U.S.-Spanish military cooperation outside the framework of the NAT, as a means of circumventing Western European political objections, would be contrary to our established policy toward Spain and, in addition, would be inconsistent with and prejudicial to U.S. commitments under the NAT and our other joint projects with Western Europe. Until the Western Europeans are prepared to accept some Spanish participation in defense plans for Western Europe, such action would also arouse existing fears, particularly in France, that we intend to establish the real line of defense on the Pyrenees, an impression which could have serious consequences for our national interests.

RECOMMENDATION

The U.S. should not press for direct or indirect Spanish participation in the NAT, until the other members are prepared to support

[3] Not found in Department of State files.

such action, and in particular, should not advocate measures contemplating bilateral military cooperation with Spain outside the NAT.[4]

[4] Dunham's memorandum was incorporated in the series of papers prepared for the Foreign Ministers meetings in London, May 11–13, given the series indicator FM D B–7/1, and dated April 24. An earlier draft in this series, FM D B–7, dated April 12, not printed, dealt with the Spanish question at the United Nations. For copies of this earlier draft, see the CFM Files: Lot M–88: Box 149, May FM Meeting B Series. Lot M–88 is a consolidated master collection of the records of conferences of Heads of State and Foreign Ministers meetings for the years 1943–1955 prepared by the Department of State Records Service Center.

740.5/4–2150

Memorandum by the Chairman of the Joint Chiefs of Staff (Bradley) to the Secretary of Defense (Johnson)

SECRET

WASHINGTON, 3 May 1950.

Subject: Spain.

The Joint Chiefs of Staff have reviewed the Department of State position paper entitled "Spain" (FM–D B–7/1, dated 24 April 1950 [1]) and forward herewith their comments.

From the military point of view, United States relations with Spain continue to be unsatisfactory in spite of the decision of the National Security Council, approved by the President, that the United States should work toward normalization of United States-Spanish relations, both political and economic (NSC 3 [2]). While the Joint Chiefs of Staff recognize the political implications in this problem, they believe that insufficient weight has been given to the more important security and strategic interests of the United States in Spain.

There is hope, from the long-range viewpoint, that the North Atlantic Treaty countries will eventually be able to defend Western Europe successfully in event of major war. In the light of the worsening world situation and the likelihood that the North Atlantic Treaty countries could not, now or during the next several years, defend France and the Low Countries successfully in event of Soviet attack, the Joint Chiefs of Staff consider it of paramount importance that the United States and its allies take proper steps to assure that Spain will be an ally in event of war.

If a major war occurs before the Western Powers have the capability of successfully defending France and the Low Countries, the situation may well develop in such a manner that Spain would become

[1] Same as the attachment to Thompson's memorandum, *supra*.

[2] Printed as Policy Planning Staff paper PPS 12, October 24, 1947, *Foreign Relations*, 1947, vol. III, p. 1092.

the last foothold in Continental Europe for the United States and its allies. From a geographical standpoint, the Iberian Peninsula is well suited for this purpose and it is directly accessible from the Atlantic Ocean. Under present circumstances, however, the Department of Defense is not able to make military arrangements with Spain. Further delay in making these arrangements may cause a decrease in Spanish ability to resist an enemy attack regardless of assistance by the United States and its allies in an emergency. In this connection, it should be pointed out that, in the event of major war, it is highly improbable that Portugal can be successfully defended against attacks launched through Spain. If the United States and its allies do not retain a European continental foothold, the Joint Chiefs of Staff have grave doubts as to the future feasibility of re-entry there. This will make the recovery of Europe a much more difficult undertaking. Furthermore, if forced out of Europe, it is highly improbable that the United States and its allies could return in time to forestall the devastation of Western Europe.

In view of the foregoing military factors, the Joint Chiefs of Staff strongly recommend that the Department of State take action without delay to assure to the United States and its allies military accessibility to and military cooperation with Spain either bilaterally or through the acceptance of that nation as a signatory to the North Atlantic Treaty or Western Union Treaty.

The Joint Chiefs of Staff feel strongly that some way must be found to overcome the political objections of the United Kingdom and France to improvement of their relations with Spain, particularly since most European nations concerned agree on the importance of Spain from both the strategic and security points of view.[3]

In view of the above, the Joint Chiefs of Staff recommend that FM D B–7/1 be rewritten to incorporate the military aspects of the problem and that the following be substituted as the Recommendation of the subject paper:

Political objections of the North Atlantic Treaty countries to improvement of political and economic relations with Spain should be overcome with the end in view of that nation participating directly, or at least indirectly, in the North Atlantic Treaty.

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[3] The source text up to this point, with the omission of the first paragraph and the close of the first sentence of the second paragraph following the word "unsatisfactory," was transmitted at the request of the Secretary of Defense to James S. Lay, Jr., Executive Secretary of the National Security Council, who circulated it for the information of the Council on June 8 as NSC 72. Materials concerning NSC 72 are in the S/S–NSC Files: Lot 63 D 351: NSC 72 Series. Lot 63 D 351 is a serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State.

Additionally, in order that FM D B–7/1 be not inconsonant with the approved United States policy with respect to Spain, it is suggested that the last sentence of the first unnumbered paragraph under the heading "Discussion" be deleted.[4]

For the Joint Chiefs of Staff:
Omar N. Bradley

[4] A copy of this memorandum was incorporated in the records of the Foreign Ministers meeting as FM D B–7/2. The Department of State commented on it in FM D B–7/4, dated May 5, stating:

" . . . The Department is fully aware of the desirability, in which the JCS is interested, of developing political relations and arrangements with Spain which will permit US military cooperation with Spain either bilaterally or through the NAT. A thorough review of our Spanish policy is currently being made by the Department, having in mind such important considerations and views as those expressed in the two JCS letters, in order to devise more effective means for the implementation of that policy. Without prejudice to the strong views expressed by the JCS, the Department believes it is preferable to complete this review, and to obtain the necessary NSC approval for such a revision of our Spanish policy as may be indicated, before pressing the British, French and other Governments on the question of closer military cooperation with Spain. Any substantial changes in policy, such as those indicated in the JCS letter of May 3, will also require Presidential approval. In view of the President's interest in this subject, it is our opinion that the question of closer military cooperation with Spain should be presented for his concurrence in the agreed context of our revised Spanish policy as a whole and not as an isolated issue." (CFM Files: Lot M–88: Box 149: May FM Meeting B Series)

The second JCS letter under reference above, designated FM D B–7/2 and dated May 4 in the records of the Foreign Ministers meetings, commented on the paper on the Spanish question at the United Nations, FM D B–7, referred to in footnote 4, p. 1560.

611.52/6–1650

Memorandum by the President to the Secretary of State

TOP SECRET

Washington, June 16, 1950.

I have been studying the National Security Council report by the Secretary of Defense on the United States policy toward Germany and Spain.[1]

These two reports are decidedly militaristic and in my opinion not realistic with present conditions. I wish you would look them over carefully and discuss them with me Monday when you come in for the conference.[2]

H[arry] S. T[ruman]

[1] Documentation regarding the NSC 71 series on the rearmament of Germany is scheduled for publication in volume IV; for the text of NSC 72, see Bradley's memorandum, *supra*, and footnote 3 thereto.

[2] At their meeting on June 19 Secretary Acheson reviewed the position of the Department of State on Spain and Germany and offered to put them in short memoranda for President Truman. Two memoranda on Spain were prepared, one for the President and one for the National Security Council. The former is in substance the same as the latter which is printed, p. 1570, as NSC 72/1. (S/S–NSC Files: Lot 63 D 351: NSC 72 Series) NSC 71/1, July 3, position on Germany, is scheduled for publication in volume IV.

752.00/6–2050

The Chargé in Spain (Culbertson) to the Secretary of State

SECRET MADRID, June 20, 1950.

No. 792

Ref: Paris Embtel 2805, June 10; Deptel 2841 (to Paris), June 16; London's Despatch 2589, May 26 [1]

Subject: United States Policy Toward Spain

Recent activities (as covered by the above references) of Spanish exiles are reason, I feel, for reiteration of some views previously expressed in Embassy despatches with regard to the importance or lack of importance, viewed from within Spain, of some of the more prominent Spanish exiles.

I've met Felix Vejarano and in my estimation he is little more than a sponger of the first water. He operates as a lieutenant of Gil Robles, yet a Spanish friend of mine, who is a very staunch *Roblista* and once a prominent Cortes member of C.E.D.A., never heard of him. Robles does not represent the Monarchists as such, although C.E.D.A. believed in monarchy. The Monarchists inside Spain are so multi-divided, except on the person of Don Juan, that no one inside or outside Spain can honestly claim to represent them all. Perhaps if it were abundantly clear that a given moment were opportune they might all, like sheep, follow some individual leader, but they are going to be sure there is plenty of butter for their bread—and they'll have bread whether the poor worker has some or not.

Prieto has, with certainty, a substantial degree of acceptance as an exiled leader of the Left. Trifon Gomez, as Prieto's lieutenant, probably has fairly wide acceptance. However, that acceptance may come largely from the fact that they are able, by reason of exile, to carry the torch, and anything except the Franco Régime would be preferable. But whether they would be ultimately accepted as leaders, returned to Spain, is not too clear. It must not be forgotten that the rank and file of Loyalist troops and supporters were, and many remain, bitter against their former leaders for having abandoned them, skipping out with the wealth of Spain. It is those who were left behind who have gone through the trials and tears of the post-Civil War years. I am not at all sure that any of these exiled former leaders would be accepted back as leaders or, if so, how long they would last. If change is to come it must come through internal development—either evolution, revolution or military *coup d'état.*

[1] None printed; they reported on the activities of various Spanish exile leaders in London during the Foreign Ministers meeting and on subsequent approaches to the French Foreign Office and the United States Embassy in Paris (London Embassy Files: Lot 59 F 59: 350 Spain).

It is now six months since Judge Kee's statement in the House [2] and the Secretary's letter to Senator Connally, both of which set forth American concept of relations with Spain and call upon Spain to walk in a path in closer proximity to the path followed by the Western Community of Nations. In those six months Spain has taken no steps in the desired direction, and there is presently no indication of intention so to do. Yet it is not only in Spain's interest but in ours that she be oriented into the West, certainly economically and strategically. To that end I feel we might well re-evaluate our policy toward Spain with a view to presenting something more than the broad generalities contained in our public declarations.

In so doing we must take into consideration the government and the people of Spain, who and what they are. We must also from the outset realize that we should not try to, and cannot, make Spain in our own democratic image and that evolution toward our western concept of economic and political freedom will of necessity be extremely slow.

Spain is run today by men of second-rate ability, men whose vision is obscured by Spain's glorious past. These men, in their thoughts and concepts, are as isolated from world thought as they are walled in physically by mountains and seas. Men of liberal thought and ability do not want to associate themselves with the Régime.

Men of ability and training in statesmanship, journalism, law—the things that make for government—are rapidly disappearing in Spain. Ten years of dictatorship, plus three years of civil war, have laid a heavy toll on the development of men in the field of government and leadership.

There are two major tragedies in Spain. One is the backward, bigoted Church, whose concepts look to the building of Church treasures of gold and jewels and not to the social uplift and well-being of the people. The other tragedy is the utter failure of the Franco Régime to evolve in the direction of some democratic concept and toward a government which does not rest solely on the power and life expectancy of one man.

Franco is a Gallegan. This is in a sense a synonym for stubbornness. He certainly holds the whip hand in Spain today. He thinks he knows better than anyone else what is best for Spain and the Spaniards today. He listens to what he wants to hear, shuts his mind and ear to all other.

Fear and uneasiness characterize the Spaniard today. Economically he is in bad shape, so much so that he is more concerned over the

[2] For the text of Kee's statement in the House of Representatives on January 9 advocating the renewal of full diplomatic relations with Spain, see *Congressional Record*, vol. 96, pt. 2, pp. 240 ff.

pure necessities of living than he is over existing political disabilities. There is greater criticism of the Franco Régime today than ever before. It is a criticism personified in Franco but not of necessity directed *in toto* against him personally.

The downward trend of Spanish economy is the excuse for greater economic regulation and control, and there is no end in sight, unless it be complete breakdown and some sort of surge which would carry to destruction the existing economic and probably political machine. Anything Spanish is explosive.

Spanish authorities have told me that political and economic evolution and liberalization can come only after economic improvement or rehabilitation, and that that can come only as a result of outside aid.

I make no suggestion of concession on our part to the frailties of the Spanish régime *and* the Spanish people. Those frailties cannot, however, be ignored. They must be considered in the overall concepts of our policy toward Spain. I am not, as I have written before, sure that we should allow Franco to do a Samson and pull the temple down not only on himself but on the Spanish people. The means by which such a development could be avoided are not easily found, nor, if found, certain. I do however think we should seek to find those means through the specific rather than the general.

Franco is the kind of Spaniard who likes to get into the movie without buying a ticket. He has certainly given no evidence of willingness to pay any price for admission to the West. In this he has had some encouragement in recent months from visiting congressional groups and other Americans who have rather glibly announced that Spain should be given economic aid, should be in ERP, MAP, et cetera, as well as more recent speeches and developments in the American Congress. As a result, Franco leans back with complacency and anticipates the world will come to him on his terms. Franco's vision stops at the borders of Spain. Were he given a specific picture of what could and would be done for Spain were he to liberalize and modify his Government, the vista might be such that he would drop his complacency and pay the price of admission.

The difficulty is to define the price. We know, and Franco knows, that for some elements in Europe the price would be for him to cut his throat. Also, to outline exact changes and modifications within a foreign country runs head on with the question of interfering in internal affairs and might easily boomerang. Nevertheless, I suggest that such a procedure merits consideration.

Spain as a people and Spain as a geographic entity should be a part of the Western Community. If we were to accept her as she is today, she would be a political handicap of the first order and, as

such, probably would outweigh any geographic or strategic advantages. However, I understand that our defense authorities place real importance on the value of Spain.

Spain is, and has been since 1936, an emotional question. Our policies toward Spain, and those of France, Britain and other Western powers, cannot stand the scrutiny of comparison with our policies toward other dictatorial governments. I recognize that this is true in large measure because of public influences, and I also recognize that being no greater sinner than some other guy does not get one into the Kingdom of Heaven. Nevertheless I cannot see that world security is improving any and if Spain has any value in that security, I think we and the other powers of the West should get away from emotionalism and study the Spanish problem from a practical, even selfish, point of view.

Policies based on the elimination of Franco are not presently realistic, nor are policies based on early and effective steps requiring sweeping political liberalization. Hopes for change based on possible economic collapse or near collapse are built on a non-solid foundation. Spain has known economic hardship for centuries. As a peasant told me last winter: "Yes, we are hungry, but we've always been hungry". To ostracize Spain is to run smack up against Spanish character. They'll whistle throughout the dark night before giving in to external pressure.

Franco is a chess player, playing with the conflicting forces that are Spain today. He is not a man of world vision but he is honest and sincere in *thinking* that he knows best the interests of Spain. Many oppose him, many hate his guts, but he is the only Spaniard now available who can hold Spain together. Franco has support from many elements of Spain. That support can be just as negative as it is positive in some quarters but, either negative or positive, there is fear of the risk of the uncertainties of change. To the world Franco personifies the Régime. Not completely so in Spain. A great percentage of present opposition to the Régime would disappear if Franco had the vision to replace his present Minister of Industry and Commerce by a man of liberal economic policies in whom the Spaniard has confidence. Spain today, that is the business world of Spain, has no confidence in the conduct of the economy of Spain. That lack of confidence is because of the Minister, Sr. Juan Antonio Suanzes, and not directly because of Franco.

I repeat, our policy based on the elimination of Franco is not presently realistic. Our policy remains based on that concept so long as we maintain the position of amending the United Nations Resolution of 1946 and not its abolition. The entire preamble to that Reso-

lution is based on the "Franco Régime" and that so long as the Franco Régime exists, so and so cannot happen. Our proposals (Circular Airgram, June 3, 1950 [3]) with regard to action at the next UNGA with regard to Spain eliminate the operative provisions of the 1946 Resolution and leave the Preamble suspended in mid-air. I suppose it is not politically possible for us to support a resolution completely rescinding the 1946 Resolution. The Preamble still represents a United Nations condemnation of Franco and leaves a stumbling block to what I think is a possible solution here in Spain.

Any abrupt change in Spain carries revolutionary risks. The safe solution is evolution. So long as we spit in the eye of the guy who has it in his power to bring about evolution, we can expect little progress.

I hold little brief for Franco and less for the existing Régime. I doubt, however, if either is more objectionable than are to be found [in] some of the so-called republics in South America. I do not propose compromise, but if you are "simpatico" you can accomplish much in Spain. Such an approach to Franco could pay dividends in our own interest.

PAUL T. CULBERTSON

[3] Not printed; it asked 35 posts to ascertain the views of the governments to which they were accredited on amending the 1946 resolution on Spain to allow the return of Ambassadors to Madrid and allow Spain to join the specialized agencies (320/6–350).

752.00/6–2950

Memorandum of Conversation, by the Special Assistant (Xanthaky) to the Ambassador in Portugal (MacVeagh)[1]

SECRET LISBON, June 28, 1950.

Last night Don Juan, the Spanish Pretender, gave me the following account of his conversation with the Pope on March 22. The Pretender said that in order to avoid the interview degenerating into an exchange of platitudes, he almost immediately told His Holiness that he is concerned with the support which the Franco regime is receiving from the Spanish clergy. (*Note:* See Page 3—No. 2 London's despatch 2517—May 23.[2]) At the same time, he solicited the

[1] The source text was transmitted as an enclosure to despatch 474, from Lisbon, June 29, not printed, in which Ambassador MacVeagh stated that he had authorized Xanthaky, who enjoyed a personal standing with Don Juan, to seek an answer to the Department of State's queries "(1) as to whether or not Vejarano's recent *démarches* in London were made on Don Juan's instructions, and (2) as to whether his overstatements regarding the Pope's willingness to intercede reflect Don Juan's opinions or only his own." (752.00/6–2950)

[2] Not printed.

Pope's good offices not only in correcting that situation but also in the elimination of Franco. (From Don Juan's recitation of the incident, it is clear to me that he in effect put the Pope "on the spot".) The Holy Father replied to Don Juan that he is against dictatorships in any form, and that he is unhappy about the situation in Spain. He said, however, that Don Juan must realize that it is not the function of the Pope to interfere in the internal political affairs of any country and particularly Spain where the Church flourishes and indeed receives great protection. According to Don Juan, the Pope then remarked that Franco's tenure is undesirable and probably transitory and added that if he, Don Juan, could obtain the definite assurance of the United States, Great Britain, and France that they would actively support him politically and economically and if he should also have, at the same time, the support of the Spanish working classes, he, the Pope, might then consider giving thought to the possibility of, in some manner, making an approach to Franco in the sense desired. This sounds like a highly "diplomatic" statement, and it would seem clear that the Pope did not intend to give Don Juan the impression that he could count on the Vatican's active support under present conditions, but the Pretender remarked to me that it was more than he actually expected from His Holiness, and that it led to his going on to explain to the latter the existing working arrangement between the Monarchists and Spanish labor as represented by the U.G.T. and C.N.T.

Don Juan emphasized to me that any statements made in his name to the effect that the Pope had told him that he is "disposed or resolved to dictate to Franco that he should retire in favor of a group of generals acceptable to the United States, the United Kingdom, and France" (see London's despatch No. 2517, May 23, 1950) were untrue and that in making such assertions his well-meaning representatives have probably been carried away by their enthusiasm for his cause and hatred of Franco. He also stated that in Rome he had been informed by important officials of the Holy See that under no circumstances will the Vatican sign a concordat with Spain as long as Franco remains in power.

Don Juan said that he and his supporters feel that they cannot allow to go unrefuted the statement contained in Mr. Acheson's letter to Senator Connally of January 18, 1950, to the effect that there is no sign of an alternative to the present government in Spain. He said that it was for this reason that they decided to send Vejarano and Trifon Gomez to London during the recent conference of Foreign Ministers. They wished, he said, to acquaint Mr. Acheson with the willingness and ability of the Socialists and Monarchists to establish

an interim regime in the event of Franco's disappearance from the picture, and he stressed that he and his supporters believe that this combination of forces, together with the Pope's distaste for Franco, should prove a strong substitute for the present government, especially if it can count on the political and economic support of the Western Powers.

Concerning Vejarano, Don Juan said he realized that the Duke of Alba, for personal reasons, and other important Monarchists within Spain, dislike Vejarano thoroughly. However, since there are no capable Monarchists in Spain willing to do the type of work Vejarano is undertaking, which would automatically preclude their return to the country if they left it, he has to use the tools at his disposal. Don Juan also disclosed that he now has some differences with the Monarchists in Spain because of their feeling that he is making undue concessions to the Socialists, especially in connection with his agreement to an eventual plebiscite on the Monarchical question. He said, however, that he believes that this will in due course be smoothed over and that they will see his point of view. He stated further that under no circumstances would he have anything to do with a military or revolutionary movement against Franco. Don Juan added that his entry into Spain would have to be by peaceful and evolutionary methods. He showed me a personal telegram of greeting which he received on June 24, his onomastic Saint's Day (St. John), from Franco reading as follows:

"Haciendo votos por la felicidad personal de vuestra alteza le saludo con afecto. Generalissimo Franco Jefe del Estado Espanol"

He said that this was the only message he has received from Franco since the latter's visit to Lisbon last October.

From all the above, it is apparent that both Vejarano and Trifon Gomez in their London and Paris conversations exaggerated the extent to which the Pope is willing to lend his support to Don Juan, and it would also appear that Vejarano took liberties with the truth on reporting to the Pretender that he had talked to the Secretary last May in London. On the other hand, the Pretender is personally fond of Vejarano and appeared inclined to defend him rather than indicate any disillusion as to his reliability.

Don Juan also informed me that he has received confirmation that Spain has been obtaining wheat from the U.S.S.R. in exchange for mercury and that this Russian grain is being trans-shipped at French and Syrian ports. The Pretender was not critical of Franco for this transaction stating that since the latter could not obtain much-needed wheat from western sources he is obliged to seek it where available.

S/S–NSC Files : Lot 63 D 351 : NSC 72 Series

A Report to the National Security Council by the Secretary of State [1]

TOP SECRET
NSC 72/1

WASHINGTON, July 3, 1950.

VIEWS OF THE DEPARTMENT OF STATE ON UNITED STATES POLICY TOWARD SPAIN

As expressed in NSC 72,[2] the JCS: (1) "in light of the worsening world situation and the likelihood that the NAT countries could not, now or during the next several years, defend France and the Low Countries successfully in event of Soviet attack, consider it of paramount importance that the United States and its allies take proper steps to assure that Spain will be an ally in event of war"; (2) "strongly recommend that the Department of State take action without delay to assure to the United States and its allies military accessibility to and military cooperation with Spain either bilaterally or through the acceptance of that nation as a signatory to the NAT or Western Union Treaty"; and (3) "feel strongly that some way must be found to overcome the political objections of the United Kingdom and France to improvement of their relations with Spain . . ." [3]

The JCS position is apparently based on the premise that "the NAT countries could not, now or during the next several years, defend France and the Low Countries successfully in event of Soviet attack". NAT planning, however, is based on the agreed concept that major hostilities are not a probability before 1954, although the possibility cannot be entirely excluded. Moreover, it has also been agreed in the strategic guidance for North Atlantic Regional Planning that "special emphasis must be placed on the defense of Europe since its loss might well be fatal to the defense of the North Atlantic territories as a whole". The strategic concept is, therefore, based on defense of the North Atlantic Treaty area as far to the north and east as possible.

The NAT is the basis of U.S. policy in Western Europe. The overriding purpose of the NAT is to prevent a war. Thus, in considering problems such as possible admission to membership in NAT of Spain or any other country, we must give great weight to the political effect that such a proposal would have, at this time, on Western European support of measures necessary for the successful achievement of any NAT goals and on the efficacy of U.S. leadership which is essential to

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[1] Attached to the source text were a cover sheet and a note by Lay, stating that this paper was being circulated for the information of the National Security Council, neither printed. (S/S–NSC Files: Lot 63 D 351: NSC 72 Series)

[2] Regarding NSC 72, see Bradley's memorandum of May 3 and footnote 3 thereto, p. 1560.

[3] Omission indicated in the source text.

the success of the NAT. Our major national policy in Western Europe is designed to prevent war by strengthening and developing the NAT nations, politically, economically and militarily, to resist the menace of Communist aggression. We and the Western Europeans have agreed upon this joint policy. Its success depends upon the closest possible cooperation between all the participants and upon collective determination to achieve progressively greater ability to contribute to the security of the North Atlantic area. A purely negative anti-Communist policy could not possibly command the popular support, or stimulate morale to the same extent, as a positive program of mutual cooperation to support and strengthen the western democracies. The participation of Spain is opposed by many important elements in Western Europe and by some in the U.S. as being contrary to this stated objective. Politically, Spain is considered by many important elements to be alien to the underlying purposes of this policy. Any action by the U.S. to bring about the participation of Spain would cause dissension and controversy among our allies, thus weakening rather than strengthening the collective effort, and would seriously impair our position of leadership by casting doubt on our statements that American policy in Western Europe is designed to strengthen the collective effort to safeguard and strengthen democracy. Furthermore, our action would be construed as proof of our belief in the imminence of war and as a sign that we are preparing to build up Spain for the purpose of establishing the real line of defense on the Pyrenees, thus abandoning the Western European nations whose security our policy is designed to strengthen. As recently as June 6 the Spanish Foreign Minister told our Chargé that Spain would not accept an invitation to join the NAT since it did not believe France could be held against the USSR; and that we should assist Spain and Portugal directly to defend the Iberian Peninsula. These views are undoubtedly known to Western European officials as well, and a unilaterial move by the U.S. along the lines suggested by the JCS would confirm existing fears in Western Europe that we intend to abandon them. The resulting reaction in Western Europe would undermine their will to resist, with serious consequences for our whole effort to provide for the security of Western Europe and the North Atlantic area.

It is consequently the Department's opinion that no bilateral or other steps should be undertaken with respect to Spain which are likely to jeopardize U.S. leadership in Western Europe or the basic principles on which the North Atlantic Treaty is founded. Any steps which are taken should be in accordance with the spirit and purposes of the North Atlantic Treaty after full consultation with and agreement by all the participants.

528-933—77——100

The Department is fully aware of the desirability of developing relations with Spain which will permit closer military cooperation. In the Department's opinion, however, the political considerations outlined above make the program suggested by the JCS politically impracticable at this time. The Department would nevertheless favor further study of this problem between the Departments of State and Defense in order that the dimensions of the problems involved may be assessed. The Department requires more exact advice about the program the JCS desire to carry out in Spain and, in addition, precise and detailed information indicating what requirements would be involved in "military accessibility to and military cooperation with Spain". The Department of State believes that such information and further study and discussion at the staff and consultant level of the problems involved is necessary before NSC 72 can profitably be discussed by the Council.[4]

[4] At its 60th meeting on July 6 the National Security Council discussed NSC 72 and 72/1 and deferred further action until the next meeting of the Council. No further Council action was taken in 1950, but officers in the State Department's Bureau of European Affairs continued to explore the possibility of future Spanish inclusion in the Western defense establishment. See memorandum by the Assistant Secretary of State for European Affairs to the Secretary of State, November 25, p. 1577.

752.5 MAP/8–1050

Memorandum by the Secretary of Defense to the President[1]

SECRET

WASHINGTON, 31 July 1950.

With reference to the provision of military aid to Spain under the Mutual Defense Assistance Act, as amended by Public Law 621 which you signed on 27 July 1950, I respectfully call your attention to your broadened authority under Section 408(*c*) of the Act. The President is now authorized to transfer military assistance up to the extent of 10% of the funds made available for any Title of the Act, to any other European nation not now specified in the Act. The conditions upon the exercise of this power are:

1. It can be exercised only "in the event of a development seriously affecting the security of the North Atlantic area.";
2. The strategic location of the nation must make it "of direct importance to the defense of the North Atlantic area"; and

[1] The source text was attached to a memorandum to Adrian S. Fisher, Legal Adviser in the Department of State, asking for his views on the provision of military aid to Spain, and to a memorandum from Lay, stating that Johnson's memorandum was being circulated in connection with the study of NSC 72 and 72/1, neither printed (752.5 MAP/8–1050).

3. "After consultation with the Governments of the other nations which are members of the North Atlantic Treaty," the President must find that the increased ability of such a nation to defend itself "contributes to the preservation of the peace and security of the North Atlantic area and is vital to the security of the United States." When the President makes such a determination he shall forthwith notify the appropriate Congressional Committees.

Accordingly, in my opinion and subject to the above conditions, you are authorized to transfer military aid to Spain in an amount not to exceed 10% of the aggregate of the funds and contract authority made available under each of the three Titles of the Act. This discretionary power would also extend to 10% of any amounts which may be made available under the Act in the future.

Respectfully, LOUIS JOHNSON

852.10/9–650

The Chargé in Spain (Culbertson) to the Secretary of State

CONFIDENTIAL MADRID, September 6, 1950.

No. 227

Subject: Possible Effects of ECA Loan on Embassy Relations with the Spanish Government

On the assumption that the sixty-two and a half million dollar aid for Spain, as appropriated by the Congress,[1] is made available to Spain and the further assumption that the Department and this Embassy will have no controlling voice in the distribution and administration of these funds, I visualize a lengthy period of time during which this Embassy as presently constituted will be practically impotent so far as Embassy relations with the Spanish Government are concerned.

Since the President and the Secretary of State have clearly announced the Administration's opposition to the credit, the Congress has by its action rather effectively taken out of our hands the conduct of one of the most important political factors in our relations with Spain. The Spanish authorities can, with reason, see little purpose to be gained in paying any further attention to our heretofore rather

[1] On August 25 the House and Senate had adopted the General Appropriation Act of 1951 (H.R. 7786) which included authorization of a loan of $62.5 million for the purpose of assistance to Spain. President Truman signed the bill on September 6 but in a statement on that day indicated that he did not regard the provision on Spain "as a directive, which would be unconstitutional, but instead as an authorization, in addition to the authority already in existence under which loans to Spain may be made." Money would be loaned to Spain "whenever such loans will serve the interests of the United States in the conduct of foreign relations." (852.10/8–2650)

futile efforts to encourage modification and change which might justify Spain's integration into the Western grouping of nations.

Spanish authorities have on several occasions in the past expressed to me their views on the desirability of a direct bilateral ECA for Spain, under which Spain would not have obligations and responsibilities to other European countries. The Congress has certainly made a first-class liar out of me because I consistently told these authorities such a proposition did not have the chances of the proverbial snowball.

The two main factors, from the Spanish point of view, in our present relations with Spain are the return of an ambassador and economic help. Congress has given the latter, and the Secretary's letter of January 18 to Senator Connally rather commits us to the former. Since both items are more or less assured, I expect Franco to sit back complacently until both are in the bag before undertaking any move involving government changes. Spain's low priority on the UNGA agenda and the time that would be required to set up ECA–Spain lead me to believe that this period of complacent inaction will cover a period of several months. I am not, incidentally, predicting Franco will do anything even then. It is merely my guess that any action before that time is unlikely.

PAUL T. CULBERTSON

652.53/10–950

The Special Assistant to the Ambassador in Portugal (Xanthaky) to the Secretary of State

TOP SECRET LISBON, October 9, 1950.

No. 246

Ref: Embassy's Telegram No. 114 of September 29, 1950 [1]

Subject: The Franco–Salazar conversations of September 25–27, 1950: comments and views of the Portuguese Minister of Defense

Closely following the recent visit between Generalissimo Franco, the Spanish Dictator, and Dr. Salazar, the Portuguese Prime Minister, in Galicia and Northern Portugal, the American Ambassador gave a luncheon in Lisbon to the newly-appointed Portuguese Military Attaché to Washington at which the Portuguese Defense Minister, Lt. Col. Santos Costa was the principal guest. Since the Minister had

[1] Not printed; in it Ambassador MacVeagh reported on a luncheon with Defense Minister Costa who stated that the purpose of the Franco–Salazar conversations was to allow Salazar to "inform Franco, in accordance 1939 treaty, of loyal Portuguese attitude expressed New York by Cunha and also through consideration of well-known Spanish susceptibilities, to keep door open to Spain through Portugal in event former continues isolated from rest of Western Europe." (753.13/9–2950)

just returned from spending an entire day with the two national figures above mentioned, I took the opportunity, at the Ambassador's suggestion, to sound him out as to the content of their conversations, which, as the Department knows, have been the subject of considerable speculation. His account of the matter, which he gave freely, is recorded below, and may be found of interest both in itself and as affording substantial first-hand confirmation to conjectures already hazarded by this Mission. He also added some information as to conversational exchanges between himself and Franco, not only as to the latter's wisdom in publicly criticizing the United States at this time, but as to the urgent necessity of Luso-Spanish General Staff talks in connection with Iberian Defense.

The Minister stated that there were three factors which prompted Dr. Salazar to undertake his visit with Franco. These he said were (1) Portugal's obligations inherent in the 1939 Treaty with Spain; (2) The desirability of keeping the door to Spain open through Portugal, as long as the former continues isolated from the rest of Europe; and (3) The need of considering Spanish pride and susceptibilities. The importance of this last, the Minister emphasized, should not be underestimated, since psychologically, he said, the Spaniards are still living in the age of Charles V.

The Minister then said that Dr. Salazar had loyally informed Franco as to the attitude assumed by the Portuguese Foreign Minister, Dr. Paulo Cunha, in so far as concerns the defense of the Iberian Peninsula, during the September meeting of the North Atlantic Council of Foreign Ministers in New York.[2] He said Dr. Salazar told the Caudillo that Dr. Cunha had expressed the regret of the Portuguese Government that no provision had been made within NATO for the global defense of the Peninsula, owing to the continued exclusion of Spain, and that furthermore the Council had been notified that as long as this problem remains specifically unsolved, Portugal cannot contribute its troops to an integrated NAT force and must restrict its contribution to the defense of its own metropolitan and overseas territories (see paragraph 6 of Enclosure to Embassy's Despatch No. 230, September 27 [3]).

The Minister then went on to say that although Franco appeared less portly than heretofore, he also seemed to be in good health. He added that he was struck with the Caudillo's keenness of mind and understanding and that, taking advantage of an extremely cordial atmosphere, he had counselled him against making press statements

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[2] For documentation on the meetings of the North Atlantic Council and the Foreign Ministers of the United States, United Kingdom, and France in New York during September, see pp. 285 ff. and 1108 ff., respectively.

[3] Not printed.

critical of the United States Government. He referred specifically to a recently published interview in which Franco, while praising the American people, was contemptuous of our leaders. The Minister said he told Franco quite plainly that he considered that statement to be a mistake, and recommended that in the future he remain discreetly silent where the United States is concerned, as he was convinced that the latter is doing the best it can for Spain, taking into account the controversial political problems involved and the fact that the sentiments of America's close friends and allies, Great Britain and France, cannot be ignored. Franco replied that he must think of public opinion within his own country, whereupon the Minister retorted that in view of the nature of the Spanish regime, which he said is, like the Portuguese regime, responsible rather to history than to contemporary opinion, such consideration is unnecessary. To this, according to the Minister, Franco made no reply but shrugged goodnaturedly.

In conclusion, the Minister said that he suggested to Franco the urgent necessity of joint Luso-Spanish General Staff studies for the defense of the Peninsula. (He explained to me that although this subject has been explored orally with the Spaniards, no formal arrangements or studies have yet been made.) Franco, he said, agreed to the suggestion, and the Minister told me he intends to pursue this matter further after his return to Lisbon from the NAT Defense Ministers' Conference in the United States at the end of this month.[4] He reminded me that his own views on the defense of the Pyrenees were set forth in the letter which he addressed to the then Secretary of Defense, The Honorable Louis Johnson, a few months ago (see Embassy's Despatch No. 24 of July 14, 1950[5]) and added that, in conversations with the Spaniards on this subject, it has been more or less understood that in the event of an attempted invasion of the Peninsula via France, the Portuguese would defend the extreme western part of the frontier. The Ambassador, who had joined our conversation, remarked that the Portuguese would thus be defending the main gate to the Peninsula, the most vulnerable part of the Pyrenees line, and the Minister said that it was for that very reason that he had suggested in his letter to Mr. Johnson the support of three American divisions.[6]

THEO. A. XANTHAKY

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[4] For documentation on the NATO Defense Ministers' meeting in Washington, October 28–31, see pp. 415 ff.

[5] Not printed.

[6] On October 6 Dunham had discussed the Franco–Salazar meeting with Christian de Margerie, Counselor of the French Embassy, and on October 10 he discussed it with Kenneth D. Jamieson, Second Secretary of the British Embassy, indicating the United States interpretation along the lines presented in this despatch and denying any possibility that the United States was planning a defense line on the Pyrenees. Memoranda of conversation, October 6 and 10, neither printed. (652.53/10–1050)

Editorial Note

At the request of Peru and the Dominican Republic the question of relations with Spain was placed on the agenda of the fifth session of the General Assembly of the United Nations and referred for discussion to the *Ad Hoc* Political Committee. Following discussion in committee on October 31 a draft resolution, which called for the revocation of the recommendations in the 1946 Spanish resolution with respect to the withdrawal of Ambassadors from Madrid and the debarring of Spain from membership in international agencies established by or related to the United Nations, was adopted by 37 votes to 10 with 12 abstentions.

This draft resolution was incorporated in the report of the *Ad Hoc* Political Committee (A/1473) and considered by the General Assembly at its 304th plenary meeting on November 4. The General Assembly, first in a paragraph-by-paragraph vote and then in a vote on the resolution as a whole, adopted the draft resolution by 38 votes to 10 with 12 abstentions.

The United States Delegation supported revocation of the recommendations both in committee and in the General Assembly and voted for adoption of the draft resolution. Documentation on these developments is in file 320. For the text of the report of the *Ad Hoc* Political Committee including the draft resolution, see United Nations General Assembly, *Official Records*, *Fifth Session*, *Annexes*, 1950, volume 2, Agenda Item 62. For the record of the discussion of the report in the General Assembly, see *ibid.*, *Plenary Meetings*, 1950, volume 1, pages 371 ff.

S/S–NSC Files : Lot 63 D 351 : NSC 72 Series

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

TOP SECRET [WASHINGTON, November 25, 1950.[1]]

Subject: NSC 72—United States Policy Toward Spain

Problem:

Changing conditions resulting from Soviet-inspired aggression and the consequent danger of global war, require a reconsideration of US policy toward Spain which will serve the immediate requirements of our national security.

Discussion:

In NSC 72 the JCS presented the desirability of close military relations with Spain, and preferably Spanish participation in the NAT.

[1] The precise date on which this paper was transmitted is uncertain. A notation on the bottom of page 1 reads "prob. post Nov. 25."

In NSC 72/1 the Department outlined the political reasons which militate against such action. But recognizing the desirability of closer military cooperation with Spain, we requested more detailed information concerning the military requirements the JCS have in mind. However no further comment has been received from the JCS since this matter was last discussed in June and the Department has therefore prepared the attached paper [2] for submission to the NSC.

This paper reviews the following considerations which emphasize the need for closer military relations with Spain: 1) the potential military value of Spain's strategic position, in light of the increasing deterioration of the international situation; 2) although Spanish participation in MDAP and NAT is not now possible, we can begin to provide for Spain's contribution to the common defense in line with our basic NAT objectives; and 3) much can be done, without arousing the political objections outlined in NSC 72/1, to increase the military value of Spain in a manner which will contribute to the development of strength in the NAT area, but delay in doing so may well mean losing the opportunity.

The paper recommends that our immediate objective should be to develop the military potentialities of Spain's strategic geographic position for the common defense, all such action to be guided by the political considerations set forth in NSC 72/1. When plans for the use of Spain for the common defense of Western Europe and the Mediterranean and North Atlantic areas have been completed we should approach the Spanish Government in order to acquire such facilities as air and naval bases. The sale of military equipment should be permitted having in mind that the NAT countries have priority for our aid, and provision should be made for a number of other steps in the direction of closer military cooperation. These new relations with the Spanish Government should be carried out through the Embassy in Madrid and the service Attachés without special missions or emissaries. This policy should be discussed with the British and French Governments for the purpose of informing them of our decision and, if possible, of agreeing on a common policy. If the latter is achieved the NAT Council of Deputies should be informed and an effort made to establish a common NAT policy along these lines.

The paper recommends that our ultimate objective should be Spanish participation in the NAT and MDAP and that we should prepare the way for discussions with the British and French to achieve this objective. After agreement is reached in the NAT, discussions with the Spanish Government should indicate that their contribution

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[2] Not found in Department of State files.

of troops to the integrated defense forces would be necessary to Spain's admission to the NAT and a basis for assistance under the MDAP.

Recommendation:

1. It is recommended that the attached paper be approved and forwarded to the NSC.

2. During the discussion of this paper in the NSC it is recommended that you supplement the considerations in the second paragraph of the discussion above with the following two points:

(*a*) It is desirable that a decision on this question be reached before the Ambassador leaves for Madrid.[3]

(*b*) Domestic public opinion, and particularly Congress, aroused by the heightening international tension, has indicated that intensified demands will shortly be made to provide for Spanish participation in defense plans for Western Europe and the Mediterranean and North Atlantic areas. The vigor of this opinion, motivated largely by considerations of Spain's strategic importance, was indicated by the Congressional action on loans for Spain last August following the early events in Korea. In light of the more serious developments since then, we may expect that Congress will press for far more drastic steps. The logical extension of the sentiments expressed in Congress last August would be action stipulating Spanish participation in the MDAP and Spanish association with the NAT, which at this time would conflict with the integrated policies and defense plans we are developing with our allies, and would undermine the spirit of unity and cooperation which exists today. However, unless the Administration soon takes some initial steps toward Spain's ultimate participation in these plans, in a manner consonant with our basic policy objectives in Western Europe, the possibility of Congressional action providing for military assistance for Spain and Spanish participation in the NAT may well become an early reality.

Concurrences: G; S/A

[3] Stanton Griffis, Ambassador-designate to Spain.

852.10/12–2150

Memorandum of Conversation, by the Assistant Secretary of State for Economic Affairs (Thorp)

CONFIDENTIAL [WASHINGTON,] December 21, 1950.

Participants: Mr. Suñer, Under Secretary of Industry and Commerce
Marqués de Nerva, Commercial Attaché, Spanish Embassy
Mr. Thorp, Assistant Secretary of State
Mr. Dunham, WE

Mr. Suñer, who called at his request, stated that he wished to explain briefly the progress that had been made in the negotiations with

the Export-Import Bank. He said it has been possible to agree up to a certain point but differences still remain to be resolved on the two essential points—the financial terms and the categories of items to be included in the loan program. On the financial terms the Bank had offered 3 ½ percent interest and a period of repayment of 20 years whereas he was seeking an interest rate of 2 ½ percent and a period of 25 years. On the categories of commodities the Bank had agreed to consider cotton, tractors and fertilizer but had excluded corn, wheat and petroleum products. As he explained at his previous meeting with me,[1] Mr. Suñer said, he considers these consumer items essential. In the interest of reaching agreement they had now agreed to reduce the total amount for consumer goods to the neighborhood of $36 million. He asked for my urgent and sympathetic consideration of these problems in the interest of reaching an early agreement.

I explained that there were three things which I wished to say. First as I had explained previously this is a matter in which the Bank has the primary responsibility and it is with the Bank that they must negotiate out of these problems. I said that I work closely with the Bank and I am very much interested in this matter, but the problems which they have raised should be settled in their discussions with the Bank. With respect to the financial terms I pointed out that the Bank has normal terms with regard to interest rates and maturity which range from 18 months to 15 years. Apparently their conversations with the Bank have been fruitful in this connection, in view of the terms which the Bank has already offered, and I expressed optimism over the possibility of their reaching an early and mutually satisfactory arrangement on both interest and maturity. However they should recognize that the Bank was departing from its normal policies and that the farther they go in this regard the more difficult it becomes for them.

On the subject of the items for which they were seeking loans, I said that I had already expressed my opinion particularly in connection with consumer goods. It often happens, I explained, that other nations in seeking loans from the Bank desire to draw up a full program of loans. But, I pointed out, it is the Bank's practice to make loans which are immediately practicable and then thereafter to study each successive project without laying out a whole program in advance. I added that the point I wished to make was that Mr. Suñer had presented the Bank with a list of items for which they wished loans and that the Bank had already indicated its willingness to proceed immediately in acting on some of these. It seemed to me that

[1] A memorandum of Suñer's conversation with Dunham and Thorp on December 14, not printed, is in file 852.10/12–1450.

it would thus be wise for him to consider moving ahead on these items on which immediate action could be taken. During the discussion of this point Mr. Suñer said that the Bank had suggested that Mr. Tirana might be sent to Spain and that he would be prepared to continue working there with him in order to allocate the various amounts to be assigned to each item under the program. I said that such a trip seemed to me to be a very good idea. However, I continued to urge the advisability of proceeding now with those loans which could be made at once and Mr. Suñer said that he would take this suggestion under consideration.

As Mr. Suñer and Mr. Nerva were leaving the building, Mr. Suñer again deplored to Mr. Dunham the activities of the various "intermediaries" which were acting on behalf of the Embassy in the matter of loans.[2] He also referred to the necessity, from his point of view, of reaching some agreement on this whole question of loans before he returns to Madrid. Mr. Dunham emphasized the encouragement which they had received from Mr. Thorp with respect to the financial terms and suggested the wisdom from his (Suñer's) point of view of proceeding along the lines Mr. Thorp had suggested, namely, going forward now with those loans which can be made at once. Mr. Suñer said that he thought Mr. Thorp's suggestion was an excellent one and, from his standpoint (i.e., his position at home as well as vis-à-vis the "intermediaries"), was one which he thought he should follow.

[2] In a conversation with Dunham on November 29 Suñer had indicated that Lequerica and Don Eduardo Propper de Callejon, Spanish Chargé in the United States, were trying to arrange his meetings with various United States officials in a manner which hindered his negotiations for the loan. (852.10/11–2950)

AGREEMENT BETWEEN THE UNITED STATES AND SPAIN RESPECTING AIR TRANSPORT SERVICES

[Agreement amending the agreement of December 2, 1944, as amended. For text of Agreement effected by exchange of notes signed at Madrid July 4, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, pages 732.]

MULTILATERAL CONVENTION RESPECTING A POSTAL UNION OF THE AMERICAS AND SPAIN

[For text of Convention, final protocol, and regulations of execution of the Convention signed at Madrid November 9, 1950, which was approved by the President of the United States June 22, 1951, and

which entered into force July 1, 1951, see 2 UST (pt. 2) 1323, or Department of State, Treaties and Other International Acts Series (TIAS) No. 2286.]

MULTILATERAL AGREEMENT RESPECTING PARCEL POST, BETWEEN MEMBERS OF THE POSTAL UNION OF THE AMERICAS AND SPAIN

[For text of Agreement, final protocol, and regulations of execution signed at Madrid November 9, 1950, which were approved by the President of the United States June 22, 1951, and which entered into force July 1, 1951, see 2 UST (pt. 2) 1391, or TIAS 2287.]

MULTILATERAL AGREEMENT RESPECTING MONEY ORDERS, BETWEEN MEMBERS OF THE POSTAL UNION OF THE AMERICAS AND SPAIN

[For text of Agreement and final protocol signed at Madrid November 9, 1950, which were approved by the President of the United States June 22, 1951, and which entered into force July 1, 1951, see 2 UST (pt. 2) 1435, or TIAS 2288.]

SWEDEN

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND SWEDEN AMENDING THE AGREEMENT OF JULY 3, 1948

[For text of Agreement effected by exchange of notes signed at Washington January 5 and 17, 1950, which entered into force on January 17, 1950, see *United States Treaties and Other International Agreements* (UST), volume 1, page 181.]

RECIPROCAL TRADE AGREEMENT BETWEEN THE UNITED STATES AND SWEDEN TERMINATING THE AGREEMENT OF MAY 25, 1935

[For text of Agreement signed at Stockholm May 25, 1950, which entered into force on the same date, see 2 UST (pt. 1) 641.]

SWITZERLAND

RELATIONS OF THE UNITED STATES WITH SWITZERLAND

611.54/8–1750

Policy Statement Prepared in the Department of State[1]

SECRET [WASHINGTON,] August 17, 1950.

SWITZERLAND

A. OBJECTIVES

Despite its tenacious attachment to neutrality, Switzerland has a number of valuable attributes in terms of major United States foreign policy aims. The Swiss Confederation is an important factor in European economic recovery and a positive force in the maintenance of free democratic institutions in Europe. While traditional neutrality precludes their political or military alignment with the west, the Swiss can nevertheless be relied upon to defend their territory resolutely against any aggressor. As such Switzerland constitutes a deterrent to the expansion of Soviet influence in western Europe and a strategic asset, even though a passive one, within the frame of United States objectives.

The primary aims of United States policy toward Switzerland, apart from the axiomatic one of strengthening existing friendly relations, are therefore to encourage increased Swiss cooperation, in particular economic, with the western democratic nations and to enable Switzerland to maintain as strong a position of military neutrality as possible.

B. POLICIES

Political. Neutrality is so deeply rooted in Swiss tradition and so much an article of national faith that any direct attempt on the part of the United States to modify it would generate a hostile reaction and work contrary to our best interests. On the other hand, although neutrality prevented Switzerland from joining the United Nations and from participating in the political and military reorganization of west-

[1] Policy statements on various countries were prepared in the Department of State periodically and updated every year or two. The previous study on Switzerland was dated March 15, 1949, but all copies were apparently destroyed upon receipt of this revision. Copies of the source text were sent to 13 Western European posts and to Moscow during September and October.

ern Europe and of the Atlantic community, there is no question but that the aims of the free nations of the west receive the unqualified moral support of the Swiss people. Their national policy of neutrality in no way implies "moral" neutrality, or indifference to the outcome of the struggle of the west against Soviet communism. The temper of Swiss official and public opinion, indeed, is uncompromisingly anti-communist. Under the circumstances, the United States will endeavor appropriately to convince the Swiss that this struggle is as much a moral one as it is political or military, and that fuller partnership with the western powers is in accord with Switzerland's primordial interest in surviving as a free, democratic nation.

Switzerland's political stability is firmly anchored in an inherent conservativism which abhors extremes of any kind. Since the national elections of October 1947, the political trend, as expressed in various cantonal and municipal elections, has been toward the Right and Center. The main electoral victor has been the moderate, middle-class Radical Democratic Party which currently holds the largest number of seats in the National Council. The Social-Democrats, on the whole, have maintained their strength, although the position of their lone representative on the Federal Council has become increasingly difficult. The Swiss Communist "Labor Party", never more than a minority group, has lost ground consistently and heavily in every local election since the Prague coup of 1948, and has progressively alienated public opinion by its servile adherence to the Moscow line. Its future political prospects are extremely poor, and the Party accordingly is concentrating on preserving a militant hard core and on consolidating its cells in industry.

Switzerland's position of self-elected detachment in the field of east-west tension is an uneasy one. As the Swiss Foreign Minister has described it: "In times like the present when there is neither peace nor war, participation or abstention alike may be judged equally hostile manifiestations." Switzerland has consequently adopted a policy of strict non-intervention in what it terms "the political antagonism of the Great Powers." This cautiousness was an important factor in Switzerland's unwillingness to join the political organs of the United Nations where the Swiss feared they would merely expose themselves to the political disadvantage of having to take sides without securing any corresponding advantages.

The Swiss have taken a similarly reserved and skeptical attitude toward the various plans for Europeon union. While they have followed the developments in this field with sympathetic, if somewhat academic interest, and have welcomed the creation of the Council of Europe especially for the possible contribution it may make toward

integrating Germany in the European framework, their basic reaction toward all such programs has been that Switzerland would be most ill-advised to abandon the relative security of its self-reliant neutrality except for some unmistakably superior arrangement.

The role of the International Committee of the Red Cross (ICRC) is closely related to Swiss neutrality. As the Swiss frequently point out, neutrality enables the ICRC to function effectively, while Switzerland in turn is strengthened in its resolve to remain neutral in order that such indispensable services to humanity in time of war may be rendered. The importance which the Swiss attach to the ICRC was well illustrated by their official sponsorship of the international diplomatic conference which met at Geneva last year to adopt the convention for the protection of civilian war victims. The Swiss Foreign Minister was chairman of this conference, and the Confederation contributed some $200,000 toward financing it.

A second important adjunct of Swiss neutrality is the activity of protecting power for the foreign interests of belligerents, a function which the Swiss carried out extensively during World War II for the benefit of numerous countries, the United States included. The Swiss are once more performing this useful function for the United States in Bulgaria since the break in our diplomatic relations with the satellite in February 1950.[2]

Switzerland's economic contribution to European recovery, begun before the Marshall Plan was inaugurated, has been substantial. Since the end of the war the Swiss Government has extended over $187,000,000 in credits to other ERP countries. Additional private credits from Swiss banks come to approximately an equal amount. Coupled with purely caritative gifts for international relief and welfare, Switzerland's aggregate contribution to European relief and rehabilitation amounts to half a billion dollars, a significant sum for a small country whose total yearly national income is less than 4 billion dollars.

Quite apart from its material contribution, the continued presence in Europe of a country of Switzerland's stability and well-being has a moral and psychological effect which it is difficult to assess in concrete terms but which nonetheless should not be underestimated. In many ways the Swiss Confederation represents in economic terms what the United States is trying to achieve through the ECA in other countries.

Strategic. We have accepted the fact that Switzerland, because of its firm adherence to neutrality, cannot be considered a potential member of any of the existing political and military alliance systems de-

[2] Documentation on the United States break in diplomatic relations with Bulgaria is scheduled for publication in volume IV.

signed to strengthen western Europe and check Soviet expansionism. We have equally accepted the inadvisability of attempting to exert direct pressure on the Swiss to join in these organizations. On the other hand, as authoritative Swiss spokesmen have frequently made clear, Switzerland regards itself as belonging to the western community of nations. The Swiss are inherently hostile to Soviet communism; and they fear and distrust the Soviet Union, despite their desire to remain neutral. The Soviet bloc is generally recognized in Switzerland as the only possible aggressor, and it is doubtful that many Swiss leaders still seriously entertain the illusion that Switzerland will be able to remain neutral, except perhaps for a relatively brief period, in the event of an open conflict between the Soviet bloc and the west. In any case, there is no doubt whatever that the Swiss will offer determined resistance to an aggressor. While the forces of the western powers cannot count on active military cooperation from the Swiss in advance of an attack on Switzerland itself, the degree of Swiss resistance nonetheless constitutes a positive, calculable factor in western strategic planning. It is therefore in the interest of the United States, insofar as its prior commitments to other directly allied countries will permit, to maintain and strengthen Switzerland's military potential through such means as allowing the Swiss commercial access to the US market for the purchase of war materials, and by continuing to accept Swiss officers for special training in US service schools.

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Cultural. In addition to the well-known kinship of democratic political institutions, a close cultural and social relationship exists between Switzerland and the United States. A substantial number of Swiss have emigrated to the United States and have become citizens, while tens of thousands of Americans have visited Switzerland if only, in the majority, as tourists. Commercial intercourse between the two countries is also lively; and the Swiss are strong admirers of American technical progress and industrial achievement. In both countries private societies exist which are actively engaged in fostering closer relations and understanding in cultural and business fields.

A small but eminently successful USIE program is conducted in Switzerland to intensify and broaden cultural and intellectual relations. Previously centered solely in Bern, this operation was expanded during 1949, in response to local request and on Smith–Mundt recommendation, with the opening of a USIE reading room in Zurich. This has fulfilled a particularly important need in making American books and other materials more readily accessible to the student bodies of the two leading universities located in that city. Although Switzerland does not participate in the Fulbright Program, USIE Bern acts as a

clearing house for numerous students traveling to and from the United States.

No great expansion of our services in Switzerland is contemplated. We will continue along the present lines without attempting to disseminate propaganda themes and bearing in mind, not only the neutral sensitivity but the fundamental conservatism of the Swiss people to whom anything which smacks of overt propaganda is distasteful and likely to be resented.

Economic. Swiss neutrality has a significant corollary, the policy of "solidarity"—that is, recognition of the "inter-dependence" of the countries of Europe and the resulting need for Switzerland to cooperate actively in the larger European effort to achieve economic viability and security. As the Swiss Foreign Minister has expressed it: "More than ever the fate of our country is linked to that of others". Switzerland is therefore vitally interested in the success of the European Recovery Program and is fully aware of the indispensable role played therein by the United States. We, in turn, regard the Swiss Confederation, with its well-developed industries and strong financial position, as a country which has made, and can continue to make, important contributions to this program. Although Switzerland itself receives no ECA aid and needs none, and hence did not sign a Bilateral Agreement with the United States, it is an active member of the OEEC and takes a constructive part in the work of that organization.

Switzerland's attitude toward the ERP, which at the outset was somewhat skeptical, has undergone a marked change for the better during the past year. The Swiss at first feared that the proposed expansion of European productive capacity would have unfavorable consequences for Switzerland's economy; but as the emphasis of the recovery program has gradually shifted from the achieved goal of increased production to breaking down restrictions of all types to intra-European trade, the Swiss have found ERP aims to be very similar to their own economic policy goals: free convertibility of currencies, low tariffs, and—with certain distinct reservations—reduction of quantitative restrictions and multilateral trade. Moreover, ECA's decision last autumn to permit off-shore purchases in Switzerland under certain conditions went a long way toward allaying earlier Swiss fears and engendering positive support of ERP objectives.

While Switzerland has not joined in the current Intra-European Payments Plan, the Swiss have reacted favorably toward the proposed new European Payments Union, and are expected to become a member. It will be an aim of US foreign economic policy to encourage a type of Swiss participation in the EPU commensurate with Switzerland's position of financial strength.

Switzerland's financial position is strong. The 1950 budget is again balanced. Gold holdings of the National Bank have constantly increased since 1938, and on December 31, 1949 reached 6,240 million francs, the equivalent of a gold coverage of notes in circulation of 136.66% and a coverage of notes in circulation and sight obligations of 99.09%. The Swiss balance of payments thus appears to produce a surplus in spite of the traditionally adverse balance of trade. The Swiss capital market is characterized by extreme liquidity. Interest earning investments are scarce, and the pressure of funds seeking investments has forced a continuing decline in interest rates. Since it is unlikely that this pressure will be relieved by internal factors, interest in the export of capital has been revived, and under present circumstances Switzerland might even consider granting foreign loans and credit not tied exclusively to financing Swiss exports.

The deficits in the merchandise balance, which have been extraordinarily large in the postwar period, have shown a diminishing trend. In 1947, 67.8% of imports were covered by exports, but in 1949 it was 91.2%. Imports declined as deferred demand from the war years was satisfied and stocks were replenished, while exports improved slowly due to increased payments facilities abroad. Swiss exports remained at a satisfactory level during the first quarter of 1950, only 1.4% lower than during the comparable quarter of last year, thus indicating that on the whole Swiss export industries remained competitive in spite of the devaluation of foreign currencies in September 1949. The US retained its position as the leading supplier of the Swiss market, as well as being its chief export market. Swiss foreign trade during recent months has been sustained largely by its exports to two countries: the US and Germany, which increased by 7% and 130% respectively during the first quarter of 1950 as compared with a year ago. It can therefore be assumed that a decline in Swiss exports can probably be averted as long as there is no reversal in Swiss trade with the US and Germany.

When the Swiss originally joined the OEEC they made three reservations: (1) Participation in the Organization should not be incompatible with their neutrality; (2) Switzerland could not consider itself bound by decisions affecting its economy unless these were taken with its concurrence; (3) Switzerland could maintain its existing commercial agreements with European states not members of the OEEC and could conclude similar new agreements.

As long as Switzerland's bilateral trade agreements with the Eastern European satellites of the USSR do not discriminate against the economic interests of the ERP countries the US will not object to them.

With respect to our security export control program over the movement of strategic materials to the Soviet bloc,[3] the Swiss, within the constitutional limits of their neutrality, are cooperating informally. While it cannot be said that they have instituted extensive controls over the export of strategic goods to eastern Europe, and more particularly their trans-shipment, the Swiss did, in March 1949, reinforce an existing decree to prohibit "in principle" the export or transit of all war materials and closely related items. As the program to control strategic exports to the Soviet bloc becomes increasingly an internal European concern, and not primarily external US policy, Swiss cooperation can be expected to grow. We will meanwhile intensify our efforts to obtain a greater degree of voluntary Swiss cooperation in this field, avoiding, as in the past, any direct intervention in Swiss affairs, but basing our approach on our common interest in not contributing to the war potential of aggressive nations. Simultaneously, in the interest of reducing the trans-shipment and diversion of goods, we will increase our scrutiny of all applications from domestic exporters involving commodities destined for Switzerland.

Until the Swiss decide to accede to the General Agreement on Tariffs and Trade, or subscribe to the Charter of the International Trade Organization, our commercial relations with them will continue to be based on those articles of the Treaty of Commerce of 1850 which still remain in force, and on the Trade Agreement of 1936. While the Swiss signed the Final Act of the Havana ITO Conference, Switzerland has not accepted subsequent invitations to become a party to the GATT. Although the Swiss position with respect to the Charter and the GATT has been examined on several occasions since that time by the US, in conjunction with other contracting parties to the GATT, the Swiss have maintained their original reservations to the effect that certain provisions of the GATT and parallel provisions of the ITO—particularly those prohibiting quantitative restrictions in general, except for countries in balance of payments difficulties—did not meet Switzerland's special needs. No solution has yet been found which satisfies the Swiss and does not simultaneously open dangerous loopholes in the GATT. We will nevertheless continue to encourage reconsideration by the Swiss Government of its position with regard to this instrument.

The Executive Branch of the US Government is generally committed to Congress to have all trade agreements contain an "escape clause" provision, and this commitment involved specific reference to the absence of such a provision in the 1936 Trade Agreement with Switzer-

[3] Documentation on the U.S. attitude toward East-West trade is scheduled for publication in volume IV.

land. We shall therefore pursue our effort to obtain amendment of this agreement to include an "escape clause." Our policy in this respect is also influenced by the increasing claims of the American jeweled watch industry that it is threatened with serious injury as a result of tariff concessions on the import of Swiss watch movements granted under the Swiss trade agreement. Should Switzerland refuse to accept an escape clause, it may be necessary for us to consider termination of the entire agreement. In anticipation of this possibility, we are giving Switzerland formal notice of our intention to terminate the agreement subject to withdrawal of the termination notice if agreement is reached on the escape clause issue. The economic and political impact of such a step, particularly upon US exports to Switzerland, but also upon the Swiss watch exporting industry which occupies a vital place in the Swiss economy, will however be weighed carefully.

The problem of liquidating German external assets in Switzerland has been pending since May 1946 when the Swiss-Allied Accord was originally signed in Washington.[4] It has since caused difficulties in our relations with Switzerland disproportionate to the intrinsic importance of the matter. This prolonged and unsatisfactory state of affairs has resulted from the inability of the Swiss Government on the one hand, and of France, Great Britain and the United States on the other, to reach agreement on a number of problems which the Swiss feel prevent their implementing the Accord by proceeding with the liquidation of German enemy assets in Switzerland. The more important of these problems are: (1) providing compensation in Germany to German owners concurrently with the liquidation of their assets in Switzerland; (2) provision for the liquidation of assets in Switzerland belonging to Germans not resident in the territory of the Federal Republic; and (3) the disposition of assets in Switzerland which involve intercustodial conflicts. The United States favors an intensified effort to reach a speedy solution to this question, due account being taken of our obligations to the Inter-Allied Reparations Agency countries, in particular through the convening of a Four-Power Conference to settle finally all outstanding issues.

A "Memorandum of Understanding" on conflicting US-Swiss claims to German enemy assets in the United States, the so-called intercustodial problem, was agreed to at Washington in July 1949. This instrument is provisional and still has to be finally signed. US authority to do so depends upon the enactment of legislation now before the Congress empowering the Government to sign such agreements. Cer-

[4] For the text of this Accord, see Treaties and Other International Acts Series No. 5058; for documentation relating to its negotiation, see *Foreign Relations*, 1946, vol. v, pp. 202 ff. Further documentation on this subject for subsequent years is in file 800.515.

tain differences regarding the content of the understanding also remain to be reconciled.

The general attitude of the Swiss Government toward the Swiss-Allied Accord is undoubtedly influenced by the possibility of Germany once more becoming a powerful neighbor with whom Switzerland wishes to be on amicable terms. Should the Swiss continue to delay satisfactory implementation, we may find it necessary, alone or in conjunction with France and the UK, to report the failure of the Accord to the IARA, and to announce withdrawal from trusteeship functions for that body in regard to the German assets question in Switzerland.

A significant modification of Swiss foreign financial arrangements took place in the autumn of 1949. Up to that time practically all payments between Switzerland and other countries were controlled, either within the framework of bilateral agreements or through Swiss National Bank regulations. Following the devaluations of various European currencies in September 1949 the Swiss franc lost all premium, which had existed from the end of the war, over the dollar in the free market. On September 26 dollar area payments were freed of all controls thus substituting a unitary dollar-Swiss franc exchange rate, which is flexible and determined by market forces within defined limits (i.e., 4.13 to 4.68 francs per US dollar), for the previous dual rate and restrictive regulations which we regarded as undesirable. The rate has since remained fairly stable at about 4.30 francs per US dollar. On November 13, payments between Belgium–Luxembourg and Switzerland became free. When it is recalled that the 41 countries and dependencies involved accounted for some 38% of the total value of Swiss foreign trade in 1949, the magnitude of this step toward the liberalization of payments can be fully appreciated. Of the 77 odd countries with which Switzerland trades, payments are now free in the case of 41, decentralized for 23 and operated through clearings in 13 instances.

As a hard currency country whose existence depends upon a flow of trade, Switzerland has resorted to bilateral payments agreements since the end of the war, not so much from choice as from considerations of defense against restrictive measures taken by other countries. Switzerland itself places no quantitative limitations on the import of non-essential goods.

C. RELATIONS WITH OTHER STATES

The United Nations. Switzerland has never applied for membership in the United Nations because of the unlikelihood that this organization would grant the Swiss the special neutral dispensation they obtained from the League of Nations in 1920 and which they consider even more indispensable today. However, this has not prevented the

Swiss from joining and participating actively in the non-political work of the great majority of the UN's specialized agencies: FAO, ILO, ITU, ICAO, WHO, IRO, UNESCO, the UN Narcotics Commission, the World Meteorological Organization and the Universal Postal Union, whose newly elected director is a Swiss national. The Swiss have also acceded to the statute of the International Court of Justice, and have played an important consultative part in the technical work of the ECE. Since 1948 the Swiss Government has maintained a permanent official observer at the UN headquarters at Lake Success; and one of Switzerland's most distinguished agricultural authorities, Dr. F. T. Wahlen, now occupies a high post in the FAO.

Subject to certain limited neutral reservations, the Swiss Government welcomed the establishment of the United Nations European Headquarters at Geneva in 1947, and has since contributed in many ways to the success of the numerous conferences of UN agencies which are held there each year. It can therefore be said that the Swiss, short of applying for actual membership, have taken a good many important steps in the direction of association with the UN.

The Soviet Bloc. Relations between Switzerland, the Soviet Union and the eastern European satellites, while formally correct, tend to be cool and confined primarily to commercial matters. Ever since the communist *coup d'état* in Czechoslovakia of February 1948 the Swiss have retained few if any illusions regarding the essentially totalitarian character of the regimes in power in the "Popular Democracies" of eastern Europe.

Switzerland's relations with the Soviet Union in the political field have gone little beyond endeavoring to locate and repatriate missing Swiss nationals. The most recent (and second) Swiss Minister to Moscow resigned early in 1950 for "reasons of health" and has not yet been replaced.

Swiss-Soviet trade relations have not lived up to the expectations of the Treaty of Commerce concluded between the two countries early in 1948. In practice trade has remained limited, and in fact declined, owing to the inability of the USSR to supply raw materials which the Swiss need and the consequent Swiss reluctance to ship manufactured goods to Russia. [The value of trade both ways in 1949 dropped substantially below the 1948 level. For 1949 the value of Swiss imports from the USSR was $2,691,000; in 1948 it had been $4,899,000, or almost twice that amount. The value of exports from Switzerland to the Soviet Union also decreased from $7,567,000 in 1948 to $5,566,000 in 1949.] [5]

[5] Brackets in the source text.

Switzerland's trade relations with eastern Europe (exclusive of the USSR) have been overshadowed during the past three years by the pressing issue of obtaining indemnification for Swiss properties nationalized or confiscated in that area. Trade with the five remaining Soviet satellites (Bulgaria, Rumania, Hungary, Czechoslovakia and Poland) declined in 1949 over 1948 with respect to both exports and imports.

A marked deterioration in relations between Switzerland and Rumania occurred in 1949 as a result of Swiss measures against Rumanian economic espionage activities in Switzerland. The Rumanian Government retaliated with repressive moves against Swiss citizens in Rumania and later obstructed a Swiss attempt to solve the conflict through arbitration. The Swiss have blocked Rumanian assets in Switzerland, and relations between the two countries remain strained.

In the spring of 1950 the Swiss Federal Council refused to receive a touring "Peace Partisans' " [6] delegation and intensified its program during 1949 for revision of the Swiss Penal Code by reinforcing the provisions "for the protection of the State" against subversive political activity. The Swiss police authorities have continued their policy of refusing entry visas to foreign communists intending to participate in public manifestations organized by the local communist party or communist front groups. On several occasions, they have also confiscated incoming issues of the Cominform journal.

In the course of 1949 the Swiss Government pursued its efforts to obtain compensation for Swiss property nationalized or confiscated in the Satellite countries. Two new agreements were concluded, one with Poland on June 25, 1949, involving a payment of $12,305,000 to the Confederation, and a second on December 22, 1949 with Czechoslovakia providing for total payment of $16,330,000 over a period of ten years. Similar Swiss negotiations are in progress with Hungary, Bulgaria and Rumania, but as yet have been fruitless.

In the labor field the Swiss Federation of Trade Unions (SFTU) voted by an overwhelming majority on June 18, 1949, to withdraw from the communist-dominated WFTU.[7] At the same time the SFTU reaffirmed its intention to cooperate with the ERP Trade Union Advisory Committee although it postponed decision with respect to joining the newly formed International Confederation of Free Trade Unions until the next general congress of the SFTU.

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[6] Documentation on the activities of the Partisans for Peace is scheduled for publication in volume IV.

[7] Documentation relating to the activities of the World Federation of Trade Unions (WFTU) is scheduled for publication in *ibid.*

The United Kingdom and France. There have been no striking changes or developments during the past year in the normally friendly and economically active relations between Switzerland on the one hand, and the United Kingdom and France on the other. A new agreement was concluded with the UK on April 5, 1950 regulating payments between Switzerland and the Sterling area, as well as trade between Switzerland and Great Britain. This agreement contained a number of concessions with regard to the settlement of the traditional British balance of payments deficit. If the deficit increases due to the failure of the Swiss to import the expected amounts of goods, the British may reduce their tourist allotments and export contingents accordingly.

French-Swiss trade was liberalized toward the end of 1949 when France abolished import licenses for a number of Swiss products and granted additional quotas for many items still subject to quantitative restrictions.

Germany. The Swiss Government has taken a positive view of the formation of the German Federal Republic, and accepted the invitation to accredit a Swiss diplomatic mission to the Allied High Commissioners. The German Federal Republic is particularly desirous of establishing a consular office in Switzerland where there are still about 60,000 German nationals. HICOM has made it clear to the Germans that if such a consular office in Switzerland is approved, it is under no circumstances to mix in external assets negotiations or in any way interest itself in that issue.

Since the enactment of currency reform legislation by Military Government in Western Germany in the summer of 1948, the Swiss Government has made representations to the three Allied Governments and the Allied High Commission concerning provisions on the payment of German debts to United Nations nationals. With respect to the Swiss request that Swiss creditors be formally included under these provisions, the United States has taken the position that there is no basis for participation by countries which were neutral during the war in any general settlement of claims against Germany of nations which were at war with the Third Reich, and that consequently there is no occasion for including Swiss creditors under the indicated provisions of the currency reform laws.

Switzerland concluded a significant trade agreement with the Western German Government in August 1949, the most notable feature of which was the absence of any of the specific commodity lists normally used to limit the amounts of Swiss "non-essential" goods acceptable. A ceiling of total imports from Switzerland was set at $4,800,000 per month, the actual pattern of trade being left to normal demand forces. This agreement resulted in a spectacular increase in Swiss exports to Western Germany during late 1949 and early 1950, a development

which may presage a decline in trade with the US and a return to the prewar eminence of Germany as Switzerland's trading partner.

Swiss trade with eastern Germany is at a low level, both in comparison with total trade and with trade between Switzerland and western Germany, and is declining. Swiss imports from the Soviet zone in 1949 amounted to roughly $3,500,000 and exports to some $1,600,000. The share of eastern Germany in Swiss foreign trade during 1949 amounted to approximately only 0.3 of the total. It is conducted on a month-to-month basis since no new trade and payments agreement has yet been concluded to replace the one which expired at the end of 1949.

We have received Swiss assurance that they have no intention of taking action which would represent *de facto* recognition of the Soviet-sponsored government of eastern Germany.

D. POLICY EVALUATION

The aims of US policy toward Switzerland are realized not only directly in terms of specific US-Swiss relations but also indirectly, and to an even greater extent, in terms of Switzerland's relationship to western Europe as a whole. Only one major unresolved US policy issue with respect to Switzerland, the amendment of the 1936 Trade Agreement to include an "escape clause", is primarily bilateral, and even this question is conditioned by the ultimate multilateral objective of inducing Switzerland to accede to the General Agreement on Tariffs and Trade. All of the other outstanding issues—the final settlement of the Swiss-Allied Accord on German external assets, increased control over the movement of strategic goods from Switzerland to eastern Europe, and a fuller measure of Swiss participation in ERP, particularly through the European Payments Union—depend largely on US action in concert with other countries. The Swiss, as a general rule, are more prone to act in accordance with the aims of their fellow Europeans than in response to the policies of an extra-European power. In the last analysis, the attitude of Switzerland toward US foreign policy in Europe will be governed by the effectiveness of that policy in achieving its main objective of strengthening western Europe; and the greater its success in this respect, the more positive the support it can be expected to receive in Switzerland.

The Swiss recognize that US efforts to rehabilitate the economy of western Europe are consonant with their own national interests. Similarly, the recognition of a common democratic ideology leads the Swiss, within the limits of their neutrality, to favor US policies designed to check Soviet expansionism in Europe. At the same time, the Swiss are fearful lest the form of the military reorganization of the west, without as yet very much actual content, may provoke Soviet

aggressiveness. The Swiss are not optimistic in their judgment of the current progress in strengthening western Europe. They believe that the prospects for peace are decreasing and that it is definitely not possible to rule out the danger of an armed conflict. This outlook reinforces their conviction that the only realistic course open to Switzerland at present lies in a policy of ever more vigilant neutrality combined with increased economic and military preparedness.

Neutral Switzerland, nevertheless, remains an area of comparative strength in relation to the rest of western Europe and it is in the best interest of US foreign policy to preserve it is such.

RECIPROCAL TRADE AGREEMENT BETWEEN THE UNITED STATES AND SWITZERLAND AMENDING THE AGREEMENT OF JANUARY 9, 1936

[For text of Agreement effected by exchange of notes signed at Bern October 13, 1950, which entered into force on the same day, see *United States Treaties and Other International Agreements* (UST), volume 2 (pt. 1), page 453.]

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

CONCERN OF THE UNITED STATES WITH POLITICAL, ECONOMIC, AND MILITARY DEVELOPMENTS RELATING TO THE UNITED KINGDOM: COOPERATION IN THE NORTH ATLANTIC TREATY ORGANIZATION, THE MUTUAL DEFENSE ASSISTANCE PROGRAM, THE EUROPEAN RECOVERY PROGRAM, THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION, AND RELATED ACTIVITIES; PROBLEMS OF STERLING BALANCES AND DEFENSE POLICIES; THE IMPACT OF THE KOREAN CONFLICT

I. Political and Economic Relations, January–May

841.13/1–650

Memorandum of Conversation, by the Director of the Office of British Commonwealth and Northern European Affairs (Labouisse)

SECRET [WASHINGTON,] January 6, 1950.

Participants: The Secretary
Sir Oliver Franks, British Ambassador
Hume Wrong, Canadian Ambassador
Graham Towers, Governor of the Bank of Canada
Sir Leslie Rowan, Minister, British Embassy
Henry R. Labouisse, BNA

The Canadian Ambassador had asked the Secretary to meet informally with the British Ambassador and Graham Towers to discuss the problem of sterling balances. The meeting was held during the late afternoon at Mr. Wrong's home.[1]

At Mr. Wrong's suggestion, Sir Oliver Franks opened the discussion by referring to Great Britain's position during the 19th century, emphasizing the close relationship between Britain's position as a world banker and her position as a strong military and political force. He

[1] On January 3 Secretary Acheson had informed Webb that he was meeting with Wrong, Franks, and Towers on January 6 to discuss sterling balances and to "see whether the Ambassadors, Mr. Towers and I can agree on how to go at the problem." Acheson told Webb that he would appreciate guidance from either Labouisse or him and would be glad to have either of them or any other officer accompany him to the meeting. Memorandum for Webb, January 3, not printed. (841.10/1–350) Labouisse, on January 6, prepared a guidance memorandum on the sterling balances, not printed, in which he traced the history of the problem and concluded that it was "generally agreed that, if any solution, as distinguished from a palliative, is to be found, it will require an injection of dollars." (841.131/1–650)

stressed the importance which capital investment had played in Britain's key position in the world. Recognizing that Britain could no longer function as world banker, he felt it important that the role be filled and indicated that this might take the form of some joint arrangement among the US, Britain and Canada. The general conclusion which Sir Oliver apparently sought to draw was that the main hope of maintaining a strong democratic force in South and Southeast Asia would be for the US not only to inject some dollars into that area but to maintain both a military and political interest as well. The Secretary asked whether or not Sir Oliver was suggesting that we should "use the Marines" in connection with overseas investments. The Ambassador replied in the negative.

Mr. Towers made a few observations concerning Canada's interest in the sterling balance problem and indicated that he thought Canada would be prepared to assist in some small way.

The Secretary made no commitments whatsoever concerning the US position. He agreed that there was no reason why we should not explore all possible courses of action which might lead to a solution of the problem created by the outstanding sterling balances, but he expressed no view as to what eventual course might be practicable or desirable, except in so far as his observation, mentioned in the following paragraph, might be construed as a suggested possible course.

During a discussion as to the political problems involved, Sir Oliver mentioned the great delicacy of the situation because of the large sterling holdings of such countries as India and Egypt. The Secretary observed that the time might come when the British would have to tell the Indians that "the party is over"; the Indians might then probably ask the British what the next step was; the British might then probably say "We had better go across the street to see our rich friend".

H[ENRY] L[ABOUISSE]

840.00R/1–750 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET LONDON, January 7, 1950—2 p. m.

110. Pass ECA/W and OSR.

1. Re Deptel 4627, Dec 29, rptd Paris as 4975,[1] Emb and ECA here also becoming concerned over growing number of differences, and re-

[1] Not printed; it reported that the Departments of State and Defense and the Economic Cooperation Administration were undertaking a survey of existing and anticipated points of friction with the British with the aim of working out priorities and avoiding public issues that might generate unnecessary trouble. (840.50 Recovery/12–2949)

cent signs of strains and stresses on Anglo-American relations. Our joint comments follow on causes and character this strain, which parenthetically is subject of feature articles yesterday's *Economist*, and *New Statesman* which we are airmailing:

2. There is no reason to believe recent differences are consequence of any change in basic Brit policy. We know from unimpeachable source that Cabinet directive still makes maintenance and development of intimate, harmonious and cooperative working relations with US a transcending guiding principle of Brit policy.

3. This directive based on belief here that sole hope of guaranteeing Brit security and well-being lies in working partnership with us, for Brit, in conjunction old Dominions, and US are only nations in world today with the will to resist Communist expansion and the power, resources and skill to reconstruct world economy. Since split in Anglo-American partnership must be a constant hope and even objective of Soviet policy, Brit are always sensitive to differences with us and apprehensive when strains occur. Despite occasional signs to contrary, we think they can always be counted on to consider their position carefully whenever friction develops, especially over crucial issues, for there is every desire here to minimize any strain.

4. There have already been several periods of more or less severe strain since the war. Abrupt termination of Lend-Lease produced violent shock here in 1945.[2] A second cleavage occurred after the convertibility crisis in Aug 1947.[3] Our prolonged differences over Palestine imposed a most serious strain on our relations, especially in 1947–48.[4] There was a fourth strain this spring and summer during their foreign exchange crisis which was accentuated by mutual recriminations in both countries, and only ended as result of President's speech to American Legion and friendly conduct and outcome of Sept financial talks.[5]

5. Altho foregoing strains were disturbing, present strain strikes us as being potentially more serious, for our differences now are more numerous, complex and intangible, and some are likely to remain a source of friction for a considerable time.

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[2] For documentation on the termination of Lend-Lease to the United Kingdom, see *Foreign Relations*, 1945, vol. VI, pp. 1–204, *passim*.

[3] For documentation on the British financial crisis of 1947, see *ibid.*, 1947, vol. III, pp. 1 ff.

[4] For documentation on United States differences with the United Kingdom concerning Palestine, see *ibid.*, vol. V, pp. 999 ff., and *ibid.*, 1948, vol. V, Part 2, pp. 533 ff.

[5] For the text of President Truman's speech at the Philadelphia convention of the American Legion on August 29, 1949, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1949* (Washington, Government Printing Office, 1964), pp. 446–451; regarding the American-British-Canadian (ABC) financial talks of September 1949, see *Foreign Relations*, 1949, vol. IV, pp. 803 ff.

6. This is not place to analyze particular circumstances surrounding each of our differences or judge merits of Brit or our case. This tel merely attempts to describe general causes of our growing differences as we see them.

7. Basic causes are continuing economic difficulties and consequent atmosphere of desperation prevalent here. Having gone thru another economic crisis this year—third and most serious since the war—Brit leaders feel they are now fighting a last-stand battle for survival as a world power. They see themselves confronted by a host of life and death problems. They are trying simultaneously to maintain their Commonwealth and Empire and military commitments, balance their trade, modernize their industry, balance their budget, fight off inflation, and prevent a fall in their standard of living. Since there are no margins, even trivial things such as a battalion dispatched to Eritrea; a million pounds expenditure on this or that item; a million gained or lost in overseas trade; a penny rise in price of bread or a dime on the price of domestic coal become critical problems of major dimensions that require Cabinet attention.

a) In such an atmosphere of tension it is not easy to reconcile our differences, for even the smallest matters take on an importance which it is hard for us to appreciate. This explains in whole or in part our differences over aviation policy; their resistance to any ECA or OEEC proposal that involves even the risk of a small drain on their gold and dollar reserves; their refusal to abandon dual price system in re coal exports; to undertake small additional financial commitments under bilateral military agreements; and even their lack of interest in the Caribbean Commission. Economic difficulties explain in part their recognition of China—a long-shot gamble made in hope Brit may save something of its trade and investment (four times that of US), as well as enable her to hold Hong Kong. They explain their tough line in oil negotiations,[6] for favorable solution this single item would go long way to resolve their dollar problem and make them independent of US aid.

b) Altho existence of a Labor Govt committed to planning and nationalization inevitably imposes certain additional strain on our mutual relations in view of differences in outlook and approach to problems, it would be mistake for us to believe that our differences would disappear if Conservatives came to power. Considering Brit's economic difficulties and imperial position, we believe any Brit Govt would adopt much the same policies as present Govt in int'l matters.

8. A second general cause of current strain originates in Brit annoyance over increase in our prodding, pressure and criticism, offi-

[6] Under reference here were efforts by the British to limit the amount of oil bought by the sterling bloc for dollars in an attempt to help maintain their sterling balances at a safe level. Documentation on the "sterling-dollar oil" negotiations is in file 841.2553.

cially or otherwise, and our tendency to ignore what they continually contribute to our mutual objectives. Moreover, it often seems to them that we are urging on them actions which are imprudent or detrimental to their self-interest, which they so frequently identify with our mutual interests.

a) This explains their irritation in UN over ItCol [7] and colonial policy in general, and will contribute to their irritation when we criticize their recognition of China.

b) The principal source of friction in this connection is our continuing demand that they "integrate" their economy with Europe. There is little difference between us on "integration" as defined at OEEC Council mtg in Nov.[8] But they are fearful that American opinion may not be satisfied with such prosaic objectives as multilateral trade and convertible currencies in Europe, and may insist on a more ambitious form of unification that would undermine Brit's position in relation to the Commonwealth and Sterling Area. Moreover Brit resent a common American attitude that they are just another European power. They see Brit as the hub of a vast and complicated political, military and economic mechanism, occupying a position in the world and a relationship with us which is quite different from the other European powers. There is a constant wonder here that we should think it in American interest for them completely to integrate with Europe.

9. A third cause of our recent difficulties is the impending gen election which makes the Govt especially sensitive to any move that may prove a political liability.

a) Their dislike of our bilateral military draft agreement [9] and their continued refusal to reduce export coal prices are in some measure due to their fear that additional expenditure on defense or rise in domestic price of coal would have adverse political consequences.

b) We think some of our recent differences will disappear or diminish or yield to negotiation after the election whichever party wins. This will especially be true if elected Govt has strong working majority.

10. A fourth cause of present strain must also be kept in mind, for it may be a continuing factor if Labor wins election. Chief leaders present Govt and many of top civil servants are physically and mentally tired, overworked and exhausted. In such atmosphere, there is bound to be irritation when we hammer away indiscriminately on whole

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[7] Documentation on the question of the former Italian colonies before the United Nations is scheduled for publication in volume v.

[8] Regarding the OEEC Council meeting in November 1949, see *Foreign Relations*, 1949, vol. IV, pp. 440 ff.

[9] Documentation on the negotiations for a military defense assistance agreement between the United States and United Kingdom is in file 740.5 MAP; for the text of the agreement signed at Washington on January 27, 1950, and entered into force on the same day, see Department of State Treaties and Other International Acts Series (TIAS) No. 2017.

range of problems regardless of their importance, lay down deadlines, or ignore human element.

11. Then there are what might be called "pin-pricking" causes of current strain. During this year there has been stream of American visitors, public and private, demanding to see top leaders of Govt, asking impertinent or intrusive questions, raising the spectre of what Congress may do to ECA aid unless the Brit agree to this or that case of special pleading, and in general acting maladroitly. We have done what we could to handle these cases tactfully and skillfully, but we know they have caused irritation here.

12. Finally, we come to a general cause of strain. Owing to differences in our political systems Brit are aware that it is much easier for Cabinet, Treasury, and FonOff to formulate and carry out consistent, interrelated, and even temporarily unpopular policies than for US Exec and State Dept.

a) Brit system makes it easier to coordinate the military, Parliament, press and special interests in support of a single natl policy. Moreover, they have the advantage of a more experienced public opinion on which to count.

b) They are amazed and pleased at the speed with which US is assuming wider and wider int'l responsibilities, acquiring experience in handling int'l affairs, and developing consistency of policy.

c) At same time Brit are always nervous as to how we will act in any given situation. They have never really understood how policy is arrived at in US, and are often disconcerted by confusion which appears to surround American foreign policy making. They are, therefore, often unduly worried, as was the case this week over Formosa.[10]

d) While confidence in us has grown enormously during last few years, instances of unpredictable behavior in US foreign policy or public opinion still occur and impose a continuing strain on our relations.

13. To summarize, we think our basic relationship rests on solid ground, but we must not take it for granted. Good relations require a deliberate effort on both sides to understand each other's problems and point of view, a more adroit handling of every situation, concentration on priorities, and a recognition that it will take sustained effort during the difficult years ahead to maintain smooth and effective relations.

14. We suggest following immediate steps:

a) The Secretary might consider advisability of having general talk with Franks before he leaves Wash, indicating our awareness

[10] Presumably this is a reference to the statements released to the press by President Truman and Secretary Acheson on January 5, clarifying the United States position on Formosa. For the texts of these statements, see Department of State *Bulletin*, January 16, 1950, pp. 79–81; for further documentation on U.S. policy toward Formosa, see vol. VI, pp. 256 ff.

that Anglo-American relations are growing more complex and more difficult, and reassuring him that our guiding principle too is to maintain close, harmonious and cooperative relations. We believe nervous Brit atmosphere requires periodic reassurances of this kind. Sept talks were particularly valuable in this regard. Such reassurances also create better atmosphere in which to discuss our differences and would contribute to favorable outcome.

b) We should pass word around that any public taking of sides in Brit election would be resented by both parties here and might easily have serious effect on our relations.

c) We should decide what issues between us and Brit are important and, until election is over, concentrate on these.[11]

Sent Dept. 110; rptd Paris as 32.

HOLMES

[11] On January 19 Secretary Acheson left a copy of this telegram with President Truman who "was most anxious to read" it. Memorandum of a meeting with the President, January 19, not printed. (840.00R/1–1950) Previous to this Holmes had reported that the British were working on a "list of priorities to try to agree on matters which we should proceed to settle without delay and those which might wait until after British elections." Telegram 162, January 11, from London, not printed. (840.00R/1–1150)

611.41/1–1150

Position Paper Prepared by the State–Defense Military Information Control Committee[1]

TOP SECRET [WASHINGTON,] January 10, 1950.

GUIDANCE TO THE UNITED STATES REPRESENTATIVES DESIGNATED TO MEET WITH REPRESENTATIVES OF THE UNITED KINGDOM ON THE PROBLEM OF THE EXCHANGE OF CLASSIFIED MILITARY INFORMATION BETWEEN THE TWO GOVERNMENTS

I. BACKGROUND

The present security agreement between the United States and the United Kingdom[2] requires that the United Kingdom obtain the consent of the United States prior to releasing to third nations classified military information of U.S. origin or of combined U.S.–U.K. origin. For the purposes of this agreement, the members of the British Commonwealth are considered (in the agreement) to be separate nations.

[1] The source text was attached to a memorandum from John C. Elliott, Chairman of the State–Defense Military Information Control Committee, to Maj. Gen. S. Leroy Irwin, Director of Intelligence, Department of the Army, which stated that it had been approved on January 10 by an *ad hoc* group of representatives from the Departments of State and Defense and should be submitted to the Secretaries of those two Departments for approval.

[2] The agreement under reference here is printed as Document B in MIC 206/70, January 27, p. 1617.

In the exchange of *aide-mémoire* dated March 7, June 10, July 25, November 1, and December 20, 1949,[3] the U.S. and the U.K. have been discussing the question of the intention of the British Government to adhere to the indicated requirements of the security agreement. The U.S. desire to secure categorical assurances of the British Government in the premises stemmed both from evidences that the U.K. had not obtained prior U.S. consent to certain releases to third nations of U.S. information, and from statements contained in the British communications referred to above.

The British *aide-mémoire* of December 20, 1949 proposed that discussions be held between high level representatives of both Governments on the general subject of the exchange of classified military information. This proposal was accepted by this Government and a meeting is tentatively scheduled for January 19, 1950; a tentative agenda has also been agreed upon.

The agenda proposed by the British was addressed to General Bradley in a memorandum from General Morgan, dated January 3, 1950.[4] This states the British desire that the discussions relate to:

a. The problem of releases by the United Kingdom to the member nations of the British Commonwealth;
b. The question of releases to other nations, particularly to nations signatory to the North Atlantic Treaty.

II. PROPOSED U.S. POSITION

The following sets forth the most liberal position which should be taken by the U.S. representatives concerning these matters in their relation to the general problem of British adherence to the requirements of the U.S.–U.K. security agreement:

1. It should be agreed at the outset that the discussions will not be addressed to specific past violations but rather to ways and means of achieving a practicable solution for mutual problems and requirements in this field. If the question of past violations is pressed, the U.S. representatives should state that the U.S. is of the opinion that discussion of past violations within the framework of these meetings would be fruitless.

2. The general principle of the security agreement must be maintained: that the British Government seek the consent of the U.S. prior to the release to third nations of information of U.S. or of U.S.–U.K. origin.

3. In order to meet the special needs of the U.K. with respect to the British Commonwealth, however, the U.S. is prepared to modify this general principle in the following respects:

A. The U.K. may exchange freely with Canada without prior U.S. consent classified military information of U.S. origin, of

[3] None printed.
[4] Not printed.

combined U.S.-Canadian origin, or of combined U.S.–U.K. origin, *except* for information relating to Western Hemisphere defense, and *provided* that:

(1) The Canadian Government concurs in this position.
(2) The U.K. and Canada furnish to the U.S. periodic reports identifying the specific documentary materials released by the one to the other, when such documents are of U.S., combined U.S.–U.K., or combined U.S.–Canadian origin.
(3) Normally releases to Canada of documentary materials of U.S. origin will be made directly by the U.S.

B. The U.K. may exchange with Australia, New Zealand, or the Union of South Africa without prior U.S. consent classified military information of U.S. origin or of combined U.S.–U.K. origin, *provided* that:

(1) Such information falls within the content and scope of specific projects agreed to by the U.S. as being "releasable" projects in respect of the particular Commonwealth nation. In this connection, it must be made clear that the U.K. bears the burden of justifying to the U.S. the urgent need that she be permitted to release information in the particular project without obtaining prior U.S. consent.
(2) When the project is agreed to by the U.S. and the U.K., the Commonwealth nation or nations concerned will participate in the arrangement of the details of the exchange of the information.
(3) Normally releases to such nations of documentary materials of U.S. origin will be made directly by the U.S.
(4) The U.K. furnish to the U.S. periodic reports identifying specific documentary materials released to any of the named Commonwealth nations, when such documents are of U.S. or combined U.S.–U.K. origin.
(5) The U.K. furnish to the U.S. reports on the progress and results of the specific projects approved in accordance with (1) above.
(6) U.S. military representatives are permitted to visit and observe the situs or operations of such projects.

4. With respect to the matter of releases by the U.K. to the North Atlantic treaty nations of U.S. classified military information, it should be made clear that the U.S. will adhere strictly to the procedures governing such releases set forth in SANACC 206/29 (Revised). The U.K. representatives accordingly may be apprised in confidence of the substance of Paragraph IV(*a*)(1) of SANACC 206/29 (Revised).[5]

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[5] The paragraph under reference provided for the release of:

"Military information of all classifications through 'Top Secret', including that pertaining to United States Order of Battle, to cryptography and cryptographic devices necessary to implement communication agreements, to United States Research and Development Projects, to Canada and Latin American Nations, and including catalogue and program type information necessary to implement programs mutually agreed upon." (National Archives: Record Group 353: Box 34: SANACC Files)

741.5 MAP/1–1850 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET WASHINGTON, January 18, 1950—7 p. m.

NO DISTRIBUTION

233. Separate cable reporting progress negots MDAP bilateral with Brit. Prior to commencement negots Brit Emb advised Dept it was asked to request US statement of additional military facilities which US anticipated asking Brit to provide together with estimate of their cost to Brit. Dept reps expressed view impracticable and not useful to specify existing arrangements under which Brit furnish facilities of various kinds to US forces. Further pointed out that preparation of statement could not be interpreted as commitment that other requests might not be made, particularly under NAT planning. Dept reps undertook to prepare statement of facilities which Defense Dept now has in mind and which might involve significant expenses by Brit. Discussion with Defense Dept brought out difficulty involved since continuous combined planning and discussion involves many proposals of varying degrees of firmness. In many cases result is joint agreement on how respective services carry on their own work so as to fit into combined plans.

Dept has discussed informally with Brit Emb draft memo which recites above facts and contains (A) construction projects involving significant expenditures, (B) general statement re use by US forces of existing Brit facilities and (C) general statement re future development of facilities. (A) includes (1) improvement four air fields with which Emb fully familiar, (2) repairs and improvements at Burtonwood which have been paid by Brit, (3) air field at Abu Sueir where RAF is undertaking improvements and only outstanding request is one made by RAF that USAF provide certain equipment, and (4) communications facility in Middle East to be erected with US funds but which might involve request that Brit acquire certain land. (B) generally refers to informal arrangements under which US forces have use of certain Brit facilities the expense being largely of administrative or housekeeping nature. Such use of facilities may be extended as result of combined defense planning. (C) contains general statement re stockpiling supplies and equipment and inter-service arrangements for development of communications, port and logistic facilities. Memo classified Top Secret and for strictly limited distribution.[1]

Brit Emb considering this document and may conclude it too elaborate and that all Brit Govt wishes is statement of future substantial construction expenditures, which appears to be only four air fields.

[1] Not found in Department of State files.

Brit Emb feels most important aspect is that of presentation to Brit Govt. Dept has stressed point that request for facilities are not counterpart of MDAP aid and that such requests and arrangements grow out of well-established combined planning and would exist in absence of NAT and MDAP.

Above for your info only.

ACHESON

Bonn Embassy Files, McCloy Project: Lot 311: Box 355: D(50)135

Memorandum of Conversation, by the United States High Commissioner for Germany (McCloy)

[PARIS,] 20 January 1950.[1]

Participants: W. Averell Harriman, Special Representative in Europe for the ECA
David K. E. Bruce, Ambassador in France
John J. McCloy, United States High Commissioner for Germany

Harriman showed McCloy a cable from Kenney[2] reporting an interview he (Kenney) had had with Cripps.[3] The general tone of the Cripps remarks was petulant and arrogant. Cripps resented the interference of the U.S. in what he called a "schoolboy lecture" manner in the settlement of European problems. Particularly his remarks were addressed to the present issues before the OEEC, i.e., liberalization of trade, transferability of currencies, a political figure in OEEC (Spaak issue),[4] assumption of more cooperative attitude toward Council of Europe and lastly proposed visit of Hoffman[5] to Paris at time of Consultative Assembly and meeting of Council of OEEC. Cripps felt that the Hoffman visit and attendance of Hoffman and Harriman gave note of U.S. dictation to OEEC deliberations and stressed unfortunate aspect from advantage this accorded Soviet propaganda line. He particularly resented any possible statement of Hoffman detailing in (*a*), (*b*), (*c*), (*d*) manner what OEEC nations should do. He indicated that no major decisions would be made before 23 February[6] on basic issues. Particularly he could not see a change in British position on dual pricing which would entail increased domestic prices, in view of British internal political situation. He opposed ap-

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[1] McCloy was in Paris to discuss French policy toward the Saar.
[2] W. John Kenney, Chief of the ECA Mission in the United Kingdom.
[3] Sir Stafford Cripps, British Chancellor of the Exchequer; the cable under reference has not been identified further.
[4] For documentation on the question of appointing a political figure to head the OEEC, see pp. 611 ff.
[5] Paul G. Hoffman, Administrator of the Economic Cooperation Administration.
[6] The date of the British general election.

pointment of Spaak, particularly in view of recent speeches against British attitude.

Harriman was extremely perturbed by the tone and substance of Cripps' statement. He had prepared (by Katz[7]) a cable to Acheson and Hoffman rebutting Cripps arguments. He showed this to McCloy and Bruce, who commented on the draft, McCloy in the general direction of strengthening the wording. The draft was quite strong, and Harriman decided to sleep on it before taking a final decision.[8] Harriman, when conversation later reverted to subject of U.K. reviewed U.S. original attitude of non-coercion of European countries in seeking U.S. objectives of integration of Western Europe. (In the meantime Saar question had been discussed.) He had been firm believer in U.S. attitude of persuasion against coercion. He had felt that this was proper atmosphere in which to administer ECA aid to Europe. He had supported this method of procedure, even though greatly provoked by Cripps. He recalled famous June 30, 1948 meeting in which he had come to grips with British on question of Sterling balances and had fought them down in a long session ending at 2:00 a. m. He felt he was being faced with similar situation in current discussions on transferability of currency. Working party report, agreed to by British technical level, had evidently been repudiated by Cripps that afternoon.[9] Harriman felt that the US should no longer tolerate interference and sabotage of Western European integration by UK and should face Cripps with clear statement of US view that the Marshall Plan is breaking down because of the British opposition. He felt that Cripps could not stand the pressure from the British public opinion, at this crucial time, that such a statement would generate. It was granted that Cripps' position was probably stronger now that the dollar drain had decreased and the elections would probably return the Labor Government. If the latter came about, Cripps would probably be even more cocky. However, the U.S. would not stand for this much longer. The American people and the Congress would not support an aid program which did not show a coordinated approach to W.E. unity.

[Here follows a discussion of French policy toward the Saar, the drain on Germany's foreign exchange, personnel changes, the site for the next meeting of United States Ambassadors, and control of East-West trade in Germany. For documentation on the Ambassadors' meeting, see pages 795 ff.; documentation on East-West trade is scheduled for publication in volume IV.]

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[7] Milton Katz, ECA Deputy Special Representative in Europe.

[8] No copy of the draft has been found in the Department of State files, nor is there any indication whether or not a message was sent.

[9] Not found in Department of State files.

611.41/1–2450

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State [1]

SECRET [WASHINGTON,] January 24, 1950.

I understand that you are seeing Sir Oliver Franks this week prior to his return to London and that you intend to discuss with him the present difficulties in Anglo-American relations and the potential sources of difficulties in the immediate future. We have worked up a comprehensive list of such items but it is clear that a great many of the individual cases are either relatively unimportant and are being handled in the normal course of business at the working level, or are not expected to raise acute problems in the near future.

For your use at the present time, I am attaching lists covering two types of problems: Tab A—those which are important and which require urgent solution, and Tab B—those which are important but which do not require urgent action although they may flare up at any time. The problems are stated in very summary fashion but can, of course, be expanded if you wish. Even though it might be desirable to postpone the resolution of difficult issues until after the British elections on February 23, the matters in the first category cannot wait. I recommend, therefore, that you describe these to Sir Oliver and point out the reasons (given in Tab A) why we will have to continue to press on these points. You may wish also to run over the second category problems briefly and to indicate that while we are trying to keep these matters quiescent in the next few weeks, they may flare up and our hand may be forced. On our part, we can try to minimize frictions between us in the immediate future.

There are some difficulties on the British side which they can and should attempt to handle. It is clear that they are obsessed by the feeling that they must cut their overseas and defense expenses, sterling as well as dollar expenses, so as to save every possible penny. This causes them, in our opinion, to put undue weight on the financial aspects of their foreign problems. They should try to accept the assurances which you gave Sir Oliver some weeks ago that we are conscious of their fiscal problem, that we are evidencing our concern through the very large financial assistance which we are giving them and that we will not ask them to extend themselves beyond what seems reasonable.

There have been a number of instances recently in which the British have taken very firm and, to us, unreasonable positions with the state-

[1] At the top of the source text was the handwritten notation: "I took up only Tab A as amended by my note thereon. D[ean] A[cheson]" Regarding Secretary Acheson's conversation with Ambassador Franks, see memorandum of conversation, *infra*.

ment that such positions represent Cabinet decisions which cannot be changed. Such an approach toward the mutual working out of problems leads to difficulty. We have been told by the British as well as our own people that there is currently in the United Kingdom a feeling that we are trying to push them around and there is reaction against us for that reason. These waves come periodically and this one will be intensified by the election campaign and the self-hypnosis which election speeches glorifying the Labor Government will cause. It seems to me fair that we should ask that responsible Government officials try to take a longer range view point and to discount as much as possible the election fever.

I should also suggest that you mention to Sir Oliver that it might be desirable, after the election, to have a fairly full review of all outstanding issues, first at the working level and then, to the extent necessary, at higher levels so that the points of friction, actual and potential, may be eliminated as far as possible.

[Tab A]

IMPORTANT PROBLEMS WHICH REQUIRE URGENT SOLUTION

[WASHINGTON, January 24, 1950.]

Circumstances require that the following problems be handled as a matter of urgency. In some cases the importance is intrinsic, in other cases the urgency arises out of a Congressional or other dead line which makes prompt action essential.

1. *MDAP Bilateral.* While it appears that all major points relating to the text of the bilateral are either resolved or are on the way to solution, except a sticky point on the privileges and immunities of military personnel, the British are making difficulties about making available promptly the local currency needed for administrative expenses. The amounts are not large. In fact the administrative expenses for the MDAP personnel dealing with the British program are the least for any participating country and will not be more than the equivalent of $150,000. The British also balk at contributing a share of the administrative expenses of the regional office and of the aircraft distribution set-up at Burtonwood. There will be a very strong reaction here if the MDAP is held up by British refusal to bear their share of the local currency expenses of the program.

2. *Petroleum.* This matter has aroused wide comment and the current discussions must be pressed to a satisfactory conclusion or at least progress made to that end before the ECA Congressional hearings which are scheduled to start February 21. A brief statement of the problem is as follows: Oil operations constitute the largest single item

in the sterling area dollar drain (currently about $700,000,000 per annum). The British claim they can make large dollar savings by utilizing to the full the production of British companies and by displacing to that extent American companies from the sterling area. Such action would prejudice United States political and strategic interests in the Middle East if it went far enough. The British are going ahead with this displacement unilaterally although we have informed them of our concern as well as of our belief that they have not made an adequate effort to meet American companies' suggestion of arrangements by which the dollar drain on oil account could be reduced substantially without displacing American companies. ECA has told the British they may well not only withhold ECA aid for new expansion of petroleum facilities but also reduce ECA aid if the British use free dollars to initiate further expansion of petroleum facilities over ECA disapproval.

3. *Relief in Palestine and the Near East.* We are discussing with the British the amount of their share of the relief and works programs of the UN in the Near East proposed by the Clapp Economic Survey Mission and are pressing them to contribute 25% of the total program of $55,000,000 for 18 months. The Foreign Office is trying to get the Treasury to agree to increase the Treasury's first proposal of a much lower contribution. We are about to go to Congress with a request for our contribution (50%) and must be able to show that the British are making an adequate contribution.

4. *Deconcentration and Decartelization in Germany.* There is urgent need to agree on a law to succeed to Military Government Law No. 75 dealing with the deconcentration of the coal, iron and steel industries in Germany. Furthermore, we are apparently at odds with the British on the whole question of decartelization. The British have no apparent desire to move in this field. We are under strong pressure and face a Congressional investigation into this matter.

5. *Broadcasting Frequencies in Germany.* The Copenhagen plan, in the drafting of which our observers were not permitted to take part, assigns a wholly inadequate number of frequencies for use in our zone in Germany. We need the frequencies for servicing our troops, the Voice of America and internal re-education. (The British and French can reach their troops with their domestic services.) Furthermore, the Copenhagen plan gives the Iron Curtain countries a disproportionately favorable position. The British and other Europeans are planning to implement this plan on March 15. We must work out an alternative or we may be forced into unauthorized use of frequencies and cause radio chaos in Europe.

6. *European Integration.* With the renewal of ERP legislation coming up in February, we must continue to press for action among

the ERP countries for the reduction of trade and financial barriers, et cetera. There is a widespread feeling, shared by a number of Congressmen, that the British are resisting action along this line for purely selfish reasons and without adequate justification. We will have to continue to press on this front.[2]

7. *Japanese and German Accession to the Wheat Agreement.* Settlement of this issue has been postponed until about 20th of February. The United Kingdom position has been that it will not consent to the admission of these countries unless it is assured that they will not have the right to purchase wheat from Australia under the existing quota. We have been unable to work out a satisfactory arrangement with the British to date. We will have to keep at this problem so that it can be satisfactorily settled.

8. *Additional Military Production.* The British have not been willing to furnish us with the information which we feel is necessary with regard to their program of additional military production. One important reason is, undoubtedly, that they do not wish us to inject ourselves into their economic planning. Solution of this matter is necessary before we can furnish raw materials or machine tools to the British under MDAP.

9. *Military Facilities.* The British have now withdrawn from their position that a firm agreement on the cost to them of military facilities furnished at our request is a condition precedent to signing the MDAP bilateral. On both sides, however, we will want to get the matter of facilities which they are to supply resolved as soon as possible. Some cases have been hanging fire for over a year. An open British unwillingness to furnish facilities could react against them all along the line.

[Tab B]

IMPORTANT MATTERS OF A LESSER DEGREE OF URGENCY WHICH MAY FLARE UP

[WASHINGTON, January 24, 1950.]

The following matters which are important do not seem at the moment to present critical issues which must be resolved. Any one or more of them may, however, become active and critical at any time.

1. *Disposition of ECA Counterpart.* The ECA counterpart was used initially to retire short-term British Government debt. This practice has been suspended and the counterpart is piling up and now amounts to some hundred million pounds. ECA is exploring the possi-

[2] Next to this paragraph in the source text was the handwritten notation "I did not mention this. D[ean] A[cheson]."

bility of using some of this counterpart in the British investment program. The piling up of this money may become embarrassing and an attempt by ECA to become involved in the British investment program will undoubtedly be strongly opposed by the British who want no United States interference in their economic planning.

2. *Relations in the China Area.* Difficult problems may arise in the course of our attempts to have the British protect United States interests in Communist China. Two specific matters which may come up are those of UN membership and the disposition of the CAT aircraft now in Hong Kong.

3. *Dual Pricing.* While Mr. Hoffman is proposing a formula under which a part of ECA aid will be distributed in accordance with the performanee of participating countries along certain lines, the difficult problem raised by the exeess of British export coal prices over internal prices may flare up again.

4. *Sterling Balances.* Exploratory diseussions are going on with regard to the sterling balance problem. We hope to be able to keep this problem in a non-controversial status. There are a number of people interested in this question in this country and there is a danger that we may find ourselves involved in the whole problem in a controversial way.

5. *Political Leadership for OEEC.* If we stick to the position that we are not formally promoting Mr. Spaak to be leader of OEEC, this matter may cause no outward difficulties although it is clear that the British will probably try to kill the idea by one means or another. Enough United States people have become committed to the idea, however, to raise a danger that this may become an openly controversial problem.

6. *Italian Colonies.* There are not at the present time issues between ourselves and the British with regard to the Italian Colonies. There are, however, a number of danger spots so far as the British are concerned involving the Italians, Ethiopians and possibly the French. It is by no means impossible that we may find ourselves involved in any difficulties which may arise.

7. *High Frequency Broadcasting.* A conference is to be held on April 1 on this subject to assign frequencies. It is expected to raise difficult issues between us and the Europeans, including the British. We can anticipate that we will not get adequate short wave facilities for carrying the VOA.

8. *Japanese Participation in International Relations.* The British have opposed the authorizing of Japanese attendance at international conferences and participation in international agreements, claiming that such action should await a peace treaty. We are urging the prompt admission of Japan into such activities and it is possible that this issue may arise openly in the near future.

611.41/1–2450

Memorandum of Conversation, by the Director of the Office of British Commonwealth and Northern European Affairs (Labouisse)

SECRET [WASHINGTON,] January 24, 1950.

Participants: The Secretary
Sir Oliver Franks, British Ambassador
Henry R. Labouisse, BNA

Sir Oliver Franks came in at his own request. He said that the principal purpose of his visit was to enquire whether the Secretary had anything further to say on the Spaak question. The Ambassador wished to advise Cripps before the latter's departure tomorrow for Paris.

The Secretary recalled that at his meeting on Friday with Sir Oliver he had indicated that he would give further consideration to the British request that we ask Spaak to withdraw his candidacy for the OEEC position; he said he had subsequently spoken to Mr. Hoffman and it had been agreed that Mr. Hoffman would see the Ambassador to convey the joint views of the Secretary and Mr. Hoffman; and he concluded that he understood Mr. Hoffman had informed the Ambassador that we did not consider it appropriate for us to raise this question with Spaak. Sir Oliver said that Mr. Hoffman had so informed him but that he had not understood that Mr. Hoffman was also speaking for the Secretary. However, he now considered his question answered.[1]

The Secretary emphasized that we still wished a strong political personage to steer the OEEC, but that we continued in the view that the exact nature of the position as well as the personality to fill it were matters for the European countries to determine.

Sir Oliver then said he had had a satisfactory talk with Messrs. Hoffman and Foster[2] on Sunday concerning the ECA policy with respect to the use of funds on the basis of merit. Sir Oliver feels that the present ECA position, as expressed by Messrs. Hoffman and Foster, will not cause any real difficulties in Paris. He seemed to feel that this was largely a matter of presentation and that the ECA would stress the reward, rather than the penalty, aspect of the policy. He expressed to the Secretary his appreciation for this turn of events.

Sir Oliver then said that he would like to comment on the negotiations on the MDAP bilateral. He expressed the view that most of the difficulties had been removed, although there were two unsettled points which were before the British cabinet today for decision. These two

[1] Memoranda of conversation for Secretary Acheson's discussion with Ambassador Franks on January 20 and with Mr. Hoffman on January 23, neither printed, are in files 411.409/1–2050 and 1–2350.

[2] William C. Foster, Deputy Administrator of the Economic Cooperation Administration.

points were (*a*) the amount of local currency expenditures to be undertaken by the British and (*b*) the question of diplomatic privileges for military personnel. He personally felt that these were not very important issues and therefore hoped that a satisfactory solution could be found. If, on the other hand, the word he receives from London tomorrow as a result of the Cabinet meeting does not pave the way for an immediate satisfactory solution, he said that he would take the matter up with Mr. Perkins.

The Secretary then said that there were a few other items of an urgent nature which he wished to call to the Ambassador's attention as he felt that they would require some action before the British elections and, unless satisfactorily resolved, might cause serious difficulties. He then proceeded to outline the problems listed in Tab A of Mr. Perkins' memo of January 24 to the Secretary, with the exception of item No. 6, "European Integration".[3] Sir Oliver made notes on these items and thanked the Secretary for calling his attention to them, saying that he realized the importance of working out satisfactory solutions and hoped something could be done.

Sir Oliver then said there were two questions he should like to ask, which related generally to the tripartite conversations,[4] the sterling balances and our policy with respect to Asia. They were as follows:

1. Did the Secretary think it would be helpful if the British made some affirmative proposals on the sterling balances and related problems?
2. Have we any views as to timing?

The Ambassador was told that we considered it important that the British make some affirmative statements as to what the problems are and what they intend to do about them. This is particularly true of the sterling balances, which are primarily British problems. Although we can continue to discuss this matter informally and unofficially, in the final analysis it is important that the British give us some idea of what measures they can or intend to take. On the question of timing, it was impossible to make any definite statement until all the facts are known. If, after further consideration, it should appear that some Congressional action would be necessary, it was not probable that it could be obtained this year.

Sir Oliver asked if we had under contemplation any overall assistance program for Asia. The Secretary said that we were not working on any such program at present. He suggested the possibility of pressures for some such program. If this should happen, the matter of dealing

[3] *Supra.*

[4] Presumably Franks was referring to the American-British-Canadian talks which took place in Washington during September 1949; for documentation on these ABC talks, see *Foreign Relations*, 1949, vol. IV, pp. 803 ff.

with certain of the sterling balances, might be related to such a program. In summary, it was said that we should have some definite ideas of what possible measures the British had in mind with respect to sterling balances—and the sooner the better.

It was agreed that there were no further questions which the Secretary or Sir Oliver presently had in mind which would necessitate a further meeting before Sir Oliver's departure on Friday.

611.41/1–1750

Documents Relating to the Exchange of Classified Military Information Between the United States and the United Kingdom [1]

SECRET [WASHINGTON, January 27, 1950.]

DOCUMENT A

POLICY STATEMENT REGARDING U.S.–U.K. EXCHANGE OF CLASSIFIED MILITARY INFORMATION

The U.S. and the U.K. are agreed that it is in the interests of both countries that there should be a full and frank interchange to the greatest practicable degree of all classified military information and intelligence, except in a limited number of already declared fields, it being understood that either Government may subsequently declare any newly-developed fields or projects as excepted upon due notification to the other Government.

In this connection it is agreed that the flow of information over the whole field of guided missiles shall be resumed at once.

DOCUMENT B

SECURITY AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM CHIEFS OF STAFF

1. The United States Chiefs of Staff will make every effort to insure that the United States will maintain the military security

[1] The source text was attached to a memorandum by Norwood W. Watts, Secretary of the State–Defense Military Information Control Committee, which stated that the documents were for the guidance and information of the Departments of State and Defense. Document B had been approved in August 1948 and Document D, in October 1949, Documents A, C, E, F, and G were approved by the representatives of the United States and United Kingdom at meetings in Washington between January 20 and January 27, 1950. No United States record of these meetings has been found in the Department of State files, but a British record of the meeting on January 20 is in file 611.41/1–2050. The seven documents were circulated within the Departments of State and Defense as MIC 206/70 and became known as the Burns–Templer Agreements, named after the heads of the respective delegations, Maj. Gen. James H. Burns, Assistant to the Secretary of Defense and Lt. Gen. Sir Gerald Templer, Vice Chief of the Imperial General Staff.

classifications established by United Kingdom authorities with respect to military information of U.K. origin, and the military security classifications established by U.K.–U.S. agreement with respect to military information of joint U.K.–U.S. origin or development; will safeguard accordingly such military information; will not exploit such information for production for other than military purposes; and, will not disclose such military information to a third nation without U.K. consent. The British Chiefs of Staff will make every effort to insure that the United Kingdom will maintain the military security classifications established by the U.S. authorities with respect to military information of U.S. origin, and the military security classifications established by U.K.–U.S. agreement with respect to military information of joint U.K.–U.S. origin or development; will safeguard accordingly such military information; will not exploit such information for production for other than military purposes; and will not disclose such military information to a third nation without U.S. consent. This agreement applies to military information disclosed by the United States to the United Kingdom or by the United Kingdom to the United States or exchanged between the United States and the United Kingdom on and after the date of acceptance of this agreement by the United Kingdom. The provisions contained in C.C.S. 953, 953/1, and 953/2 [2] will apply to information disclosed by either country to the other or exchanged between the United States and the United Kingdom between 1 September 1939 and the date of acceptance of this agreement by the United Kingdom.

2. The United States Chiefs of Staff and the British Chiefs of Staff agree that, insofar as the U.S. and the U.K. are concerned, the safeguards indicated above also apply to information developed by the U.S. and U.K. jointly in collaboration with a third nation.

3. It is agreed that the provisions of C.C.S. 210/4 [3] shall remain in full force and effect until cancelled or superseded by another agreement which shall then be controlling in this respect.

4. It is agreed in respect of classified information communicated by one country to the other, that the recipient country shall use its best endeavors within the framework of its laws and rules to prevent any

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[2] None printed. Copies of these papers, entitled "Review of Policies and Procedures Governing Disclosure of Classified Information to Other Nations," and dated May 22 and July 6, 1946, and January 25, 1947, respectively, are in the Department of Defense files.

[3] Not printed. A copy of C.C.S. 210/4, dated February 21, 1944, which dealt with the classification of documents and the rules of the United States and the United Kingdom for the handling of classified materials, is in the National Archives, Record Group No. 218, Records of the United States Joint Chiefs of Staff.

loss of patent rights in the information. Specifically it is declared and agreed that:

a. Any rights of the originator to obtain patent protection in the recipient country in respect of the information communicated are not and will not be prejudiced by virtue of the introduction of the information into such country.

b. The information, so long as it remains classified, will not be used or disclosed by the recipient country in any manner likely to prejudice the rights of the originator to obtain patent protection in respect thereof, but if the recipient country desires to use or to disclose the information in any manner likely so to prejudice the rights of the originator, then the recipient country will immediately notify the country of origin of the full circumstances of such intended use or disclosure, and such use or disclosure shall not be effected until approval is given by the country of origin.

c. Each country when so requested by the other and to the extent consistent with its laws and rules will use its best endeavors

(1) to have maintained in secrecy any patent application filed in the recipient country in respect of the information for so long as may be desired by the country of origin, and

(2) to supply reports of the manner in which the information embodied in a patent application has been used or disclosed.

5. For the purpose of this agreement the United Kingdom, the British Dominions, and India are considered to be separate nations.*

Approved August 1948.

Document C

Policy With Respect to Commonwealth Nations

1. The general principle of the security agreement [4] will be maintained: that the Government of the United Kingdom seek the consent of the U.S. prior to the release to third nations of information of U.S. or of U.S.–U.K. origin; and that the United States Government seek the consent of the U.K. prior to the release to third nations of information of U.K. or of U.K.–U.S. origin.

2. *a.* The U.S. reserves its right to disclose information of sole U.S. origin directly to any foreign nation.

b. The U.K. reserves its right to disclose information of sole U.K. origin directly to any foreign nation.

3. However, to meet the special needs of the U.K. with respect to the other nations comprising the British Commonwealth, and to

* See Document C. [Footnote in the source text.]

[4] A reference to Document B, above.

enable these nations to obtain as much information as possible in the interests of common defense, the general principle set forth in Paragraph 1 above is hereby modified in the following respects:

A. (1) The United Kingdom and Canada may exchange freely without prior United States consent classified military information of United States origin, of combined United States-Canadian origin, or of combined United States–United Kingdom origin, except for information relating to Western Hemisphere defense provided that:

(*a*) Only in exceptional circumstances will the United Kingdom and Canada exchange documents originating wholly in the United States.

(2) The United States and Canada may exchange freely without prior United Kingdom consent classified military information of United Kingdom origin, of combined United Kingdom-Canadian origin, or of combined United States–United Kingdom origin provided that:

(*a*) Only in exceptional circumstances will the United States and Canada exchange documents originating wholly in the United Kingdom.

(3) The United States and the United Kingdom may exchange freely without prior Canadian consent classified military information of Canadian origin, of combined United Kingdom-Canadian origin or of combined United States-Canadian origin except for information relating to Western Hemisphere defense provided that:

(*a*) Only in exceptional circumstances will the United States and the United Kingdom exchange documents originating wholly in Canada.[5]

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[5] In the source text the pages for paragraph 3A bear the typewritten notation "(Revised October 9, 1951)." Another copy of MIC 206/70 provides the following text for paragraph 3A, presumably as written at the time of approval by the representatives of the United States and United Kingdom:

"3. However, to meet the special needs of the U.K. with respect to the other nations comprising the British Commonwealth, and to enable these nations to obtain as much information as possible in the interests of common defense, the general principle set forth in Paragraph 1 above is hereby modified in the following respects:

"*A.* (1) The U.K. may exchange freely with Canada without prior U.S. consent classified military information of U.S. origin, of combined U.S.-Canadian origin, or of combined U.S.–U.K. origin, except for information relating to Western Hemisphere defense, and provided that:

"(*a*) The Canadian Government concurs in this position.

"(*b*) The U.K. and/or Canada furnish to the U.S. periodic reports identifying the specific documentary materials released by the one to the other, when such documents are of U.S., combined U.S.–U.K., or combined U.S.-Canadian origin,

"(2) The U.S. may exchange freely with Canada without prior U.K. consent classified military information of U.K. origin, of combined U.K.-Canadian origin, or of combined U.K.–U.S. origin, provided:

"(*a*) The Canadian Government concurs in this position.

"(*b*) The U.S. and/or Canada furnish to the U.K. periodic reports identifying the specific documentary materials released by the one to the other, when such documents are of U.K.-Canadian origin."

B. (1) The U.K. may, at its discretion, exchange with Australia, New Zealand, South Africa, India, Pakistan, or Ceylon, without prior U.S. consent classified military information of U.S. origin or of combined U.S.–U.K. origin, provided that:

(*a*) With respect to information in the fields of strategic planning and research and development:

Such information falls within the content and scope of specific projects agreed to by the U.K. and the U.S. as being releasable projects in respect of a specified Commonwealth nation or nations.

(*b*) With respect to information in the fields of intelligence, tactical and technical doctrine and training, and matériel (military equipment which has passed the research and development stage):

Such information falls within the content and scope of specific projects agreed by the U.K. and the U.S. as being projects which the U.K. may release to any Commonwealth nation which the U.K. deems to be a suitable recipient when evaluated in accordance with the criteria set forth in Paragraph 5, below.

(*c*) When U.S. or combined U.S.–U.K. information relating to an approved project is released to a Commonwealth nation or nations, the nation or nations will be informed by the U.K. that the U.S. has agreed to the disclosure.

(*d*) The U.K. furnish to the U.S. periodic reports identifying specific documentary materials released to any of the named Commonwealth nations, when such documents are of U.S. or combined U.S.–U.K. origin.

(*e*) The U.K. and/or the other Commonwealth nation or nations concerned furnish to the U.S., when requested by the U.S., reports on the progress and results of the specific projects approved in accordance with subparagraph B(1) (*a*) and (*b*) above.

(2) While the U.S. recognizes the special relationship between the U.K. and the other Commonwealth nations and the desirability in practice for the U.K. to initiate and effect the disclosures provided for in this agreement, it is agreed as a matter of principle that the U.S. may, at its discretion, exchange with Australia, New Zealand, South Africa, India, Pakistan, or Ceylon, without prior U.K. consent classified military information of U.K. origin or of combined U.K.–U.S. origin, provided that:

(*a*) With respect to information in the fields of strategic planning and research and development:

Such information falls within the content and scope of specific projects agreed to by the U.S. and the U.K. as being releasable projects in respect of a specified Commonwealth nation or nations.

(*b*) With respect to information in the fields of intelligence, tactical and technical doctrine and training, and matériel (military equipment which has passed the research and development stage):

Such information falls within the content and scope of specific projects agreed by the U.S. and the U.K. as being projects which the U.S. may release to any Commonwealth nation which the U.S. deems to be a suitable recipient when evaluated in accordance with the criteria set forth in Paragraph 5, below.

(*c*) When U.K. or combined U.K.–U.S. information relating to an approved project is released to a Commonwealth nation or nations, the nation or nations will be informed by the U.S. that the U.K. has agreed to the disclosure.

(*d*) The U.S. furnish to the U.K. periodic reports identifying specific documentary materials released to any of the named Commonwealth nations, when such documents are of U.K. or combined U.K.–U.S. origin.

(*e*) The U.S. and/or the Commonwealth nation or nations concerned furnish to the U.K., when requested by the U.K., reports on the progress and results of the specific projects approved in accordance with subparagraph B(1) (*a*) and (*b*) above.

4. At the time that a project is agreed as "releasable" or at any time thereafter, either the U.K. or the U.S. may specify that a certain item or items within that project are not to be released to one or more of the Commonwealth nations.

5. The criteria to be taken into consideration in the establishment of "releasable" projects under the terms of subparagraphs 3B(1) (*a*) and (*b*) and 3B(2) (*a*) and (*b*) above shall include:

A. The principle of "need to know" established for each Commonwealth nation in the light of its strategic role and of its ability or potential ability to contribute to the common defense in the fields of manpower, production, or research and development.

B. Recognition of the importance of maintaining among the Commonwealth nations the will to resist aggression and to make the maximum contribution to the common defense.

C. The principle that the U.K. should be in a position to make available to the other Commonwealth nations the most up-to-date equipment issued to the armed forces of the U.K.

D. The standard of security in the Commonwealth nation or nations concerned.

6. Agreement has been reached in respect of a specific subject as set forth in Annex 2 to Document C.

7. It is recognized that a differentiation exists between Government- and privately-owned information of U.S. or U.K. origin. Information already released by either the U.S. or the U.K. will be cleared between the two Governments on an individual item basis before release to third nations. In the future, the nation of origin will

determine whether the information is privately- or Government-owned and will state whether the Commonwealth nation concerned may receive such privately-owned information.

Annex 1

INTERPRETATION OF CERTAIN TERMS USED IN THIS DOCUMENT

1. The definition of "*combined military information*" and the procedures for the resolution of differences concerning releases of combined military information to third nations are set forth in the Agreed Charter establishing the U.S.–U.K. Military Information Board.

2. *a.* "*United States Information*" does not become combined U.S.–U.K. information merely by virtue of its release by the U.S. to the U.K.

b. "*United Kingdom information*" does not become combined U.S.–U.K. information merely by virtue of its release by the U.K. to the U.S.

3. In order that the establishment of projects will not be hampered by the rigid adherence to a strictly defined term, the word "*project*" is not defined herein but shall, in general include an agreed upon area of effort, such as an undertaking to develop an item (a tank, an airplane, a weapons system, a radar system, or a principal component thereof), a tactical or doctrinal procedure, a training program, or an intelligence study.

Annex 2

Agreement has been reached in respect of the following specific subject within the framework of the above policy:

TRAINING PUBLICATIONS AND INSTRUCTIONS

United States military information, classified no higher than "Secret", and exclusive of Intelligence and Research and Development information may, at the discretion of the U.K., be included in U.K. training publications and instructions for issue to the other Commonwealth nations. This should not be construed as implying that publications and instructions of U.S. origin of the classification of "Secret", "Confidential", and "Restricted" or other information so classified, may be sent by the U.K. to the other Commonwealth nations, in their original form, without prior U.S. approval.

DOCUMENT D

CHARTER OF THE U.S.–U.K. MILITARY INFORMATION BOARD

It has been agreed by the appropriate United States and United Kingdom authorities to establish the U.S.–U.K. Military Information Board (MIB), hereinafter referred to as the "Board".

Purpose

1. The Board is established for the purpose of providing a combined body wherein proposed disclosures to third nations by either the appropriate United States or United Kingdom authorities of "combined military information", defined in (2) below, may be considered. It is intended that the Board will facilitate the implementation of the Security Agreement approved by the Combined Chiefs of Staff in August 1948,[6] insofar as "military information of joint [combined] [7] U.S.–U.K. origin or development" is concerned.

Functions and Powers

2. The Board shall decide whether disclosures to third nations of combined military information proposed either by the U.S. or the U.K. shall be permitted. Combined military information is defined as follows:

(*a*) Classified military information resulting or originating from projects developed on a combined basis; or

(*b*) Other classified military information determined by the Board from time to time to be combined military information.

The criteria upon which the Board will base its determination under paragraph 2(*b*) are:

(1) The appropriate U.S.–U.K. authorities have agreed to undertake separately, different phases of a specific project; *or*

(2) The appropriate U.S.–U.K. authorities have agreed that one will assume sole project responsibility on behalf of both; *or*

(3) The appropriate U.S.–U.K. authorities have agreed at the outset of the project to adopt the best results of independent endeavors.

Membership

3. The Board shall consist of (*a*) an official of the U.S. Department of State, (*b*) an official of the British Embassy in Washington, (*c*) an officer or official from each of the U.S. military departments (Army, Navy, Air Force), (*d*) an official of the U.S. Research and Development Board, (*e*) an officer or official from each of the offices of the British Joint Services (Navy Staff, Army Staff, Air Force Staff, and Technical Services).

There may be present at meetings of the Board such U.S. or U.K. consultants or observers as desired.

Chairmanship

4. The chairmanship of the Board shall rotate monthly between the U.S. and U.K. Representatives. The U.K. shall hold the chairmanship during the first calendar month the Board meets.

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[6] Document B, p. 1617.

[7] Brackets in the source text.

Place of Meetings

5. Unless otherwise provided for, meetings of the Board shall be held in Washington.

6. A Combined Secretariat shall be established by the Board.

Decisions of Board

7. All decisions of the Board shall be taken by unanimous agreement.

Procedures

8. (*a*) *Rules of Procedure*

Except as provided in paragraph 7, the Board shall adopt its own rules of procedure for conduct of its business, including the establishment of committees.

(*b*) *Processing of Requests*

(1) Requests normally will be processed through direct presentation to the Board by members, except that,

(2) In the processing of requests applicable to groups or combinations of nations, or states members thereof, the Board will prescribe such special procedures as it considers desirable.

Annex 1

Statement to be incorporated in first procedural paper to be prepared by the U.S.–U.K. Military Information Board.

Procedure for Processing of Requests to Disclose Combined Military Information to Member Nations of the Western Union for Western Union Purposes

1. Proposals by the United Kingdom to disclose combined military information to member nations of the Western Union for Western Union purposes shall be submitted by the United Kingdom to the United States through the U.S. delegation to the Western Union (with copy of the request forwarded by the United Kingdom to the Secretariat of the Board).

2. Proposals by the United States to disclose combined military information to member nations of the Western Union for Western Union purposes shall be submitted by the United States to the United Kingdom through the U.S. delegation to the Western Union (with copy of the request forwarded by the United States to the Secretariat of the Board).

3. Differences between the U.S. and U.K. as to a proposed disclosure under (1) or (2) above may be referred to the Board for consideration.

Annex 2

Statement to be incorporated in first procedural paper to be prepared by the U.S.–U.K. Military Information Board.

Agreed Categories of Combined Information

A. Only one highly secret subject, which is already covered by special U.S.–U.K. arrangements, release of which to a third nation would be subject at the time of the request to the specific authority of the U.S. and the U.K. in each case.

B. Combined U.S.–U.K. information classified Restricted through Top Secret, the release of which to a third nation would be subject, at the time of the request, to the specific authority of both the U.S. and the U.K. in each case.

C. Combined U.S.–U.K. information relating to a specific project classified Confidential or Restricted, the release of which to a third nation may be accomplished unilaterally either by the U.K. or the U.S. subject to the following procedures:

a. At the initiation of the project or at any time thereafter the U.S. and U.K. agreed to assign this project to Category C.

b. The U.S. and U.K. mutually agree on that group of nations to which the release of the information on the particular project would be permissible.

Annex 3

The United States and British Teams agreed:

To incorporate in the first procedural paper to be prepared by the U.S.–U.K. Military Information Board a statement of understanding to the effect that the functions of the Combined Communications Board or its successor agency will be unaffected by the establishment of the U.S.–U.K. Military Information Board.

Annex 4

Supplementary Note

In the course of discussions between representatives of the United States and the United Kingdom on the subject of the exchange and/or disclosure of classified military information on January 23, 1950, the representatives of the United Kingdom requested that the following statement be placed in the record:

The representatives of the Government of the United Kingdom wish to place on record that they consider it most essential that the C.M.I.B. procedure should be expeditious in operation and should take account of factors wider than security alone. This should be made clear in the directives addressed by each Government to their representatives on the Board.

Document E

Statement Regarding Employment of Foreign Nationals

It is recognized that the employment by either the U.S. or the U.K. on work involving access to classified military information of individual nationals of third countries is a matter entirely within the discretion of the employing nation, which will be responsible for applying adequate security safeguards.

Document F

Policy Regarding the Disclosure of Certain Classified Military Information to the North Atlantic Treaty Nations

It is agreed that both the U.S. and the U.K. have the discretion to release classified U.S.–U.K. combined military information in the fields of established and published technical and tactical training and doctrine and matériel to the nations of the North Atlantic Treaty Organization to permit adequate use of equipment and matériel furnished them by either the U.S. or the U.K.

Document G

Policy Respecting the Disclosure of Guided Missiles Information to Australia

Within the framework of the "Policy with Respect to Commonwealth Nations", the following principle has been agreed to:

The United Kingdom Government may exchange with the appropriate authorities of the Australian Government without prior U.S. consent, information of U.S. origin or of combined U.S.–U.K. origin on installation, instrumentation and operating techniques of long range proving grounds, and such classified research and development information regarding the guided missiles themselves as is necessary for the development of the general U.K.–Australian guided missiles program, subject to the conclusion of satisfactory arrangements between the U.S. and Australian Governments with respect to the safeguarding of such information. Procedures for effecting the release of such information by the U.K. authorities to the Australian authorities concerned will be reviewed in detail by the representatives of the U.K. and U.S. Governments.

611.41/3–750

Memorandum of Conversation, by the Officer in Charge of United Kingdom and Ireland Affairs (Jackson)

TOP SECRET [WASHINGTON,] March 7, 1950.

Participants: The Secretary
The Under Secretary
Mr. Rusk
Mr. Perkins
Mr. Byroade [1]
Mr. Nitze [2]
Ambassador Douglas
Commissioner McCloy
Mr. Jackson

The above group met in the Secretary's office at 2:15. The Secretary said that he and Ambassador Douglas were dining with Sir Oliver Franks that evening and that it was understood that the meeting would be on a personal basis and that Sir Oliver would not report to London about the discussion. There was general agreement that if the discussion was held on that basis, Sir Oliver would not report.[3]

Mr. Perkins said that he had been requested to suggest what line the conversation at dinner might take. The basic question was whether there should be a general review of US–UK relations and should specific matters be brought up.

Ambassador Douglas suggested that it was important to establish whether or not there was a basic understanding and agreement to act in collaboration. There were a number of specific points at issue with the British, among which he mentioned B–29 airfields in England, additional military production under MDAP, other military facilities, Japanese and German accession to the Wheat Agreement, Japanese position in international relations, the European payments union, the trade agreement with Germany, petroleum and sterling balances. The sum total of all these matters of controversy added up to a generally strained position between the two countries. While he felt that it was desirable to explore the question of whether there was a basic understanding between our two countries, he felt that this could best be tested in relation to specific cases. It would be undesirable and probably fruitless, if there were a meeting between the Secretary and Mr. Bevin later in the spring, if the various points at issue were taken

[1] Henry A. Byroade, Director of the Bureau of German Affairs.
[2] Paul H. Nitze, Director of the Policy Planning Staff.
[3] No record has been found in the Department of State files concerning Ambassador Franks' dinner with Secretary Acheson and Ambassador Douglas.

up by the Foreign Ministers without adequate advance discussion. He thought that it would be useful at the dinner if the Secretary should give a general round-up of his evaluation of the world situation and then refer to some of the specific matters. It might be desirable to suggest that if there were not a basis of assurance of a common policy and objectives between our two countries, we would have to re-examine our whole foreign policy.

Mr. Rusk raised the question of whether it might not be too drastic even to suggest that we might reexamine our whole policy toward Europe.

The Secretary said that he had thought of taking the following line: If we look back two years to 1947, it could be seen that there were a number of dynamic steps which had been initiated, including Secretary Marshall's speech and the birth of ERP, the development of the NAT, the establishment of the West German Government. These had all represented forward steps and considerable progress had been made in advancing the Western cause through these steps. They seem now to have lost their momentum and we seem to have slowed down to a point where we are on the defensive while the Soviets are apparently showing more self confidence. We could not hold our position defensively, we would slip backward. It was, therefore, necessary to find some new idea or new step which would regain the initiative. The economic incentives which were the basic of ERP seem to have lost their vitality and we were engaged in discussions of such things as the payments union. While this was no doubt of some importance, the successful working out of a payments union would have no popular appeal, there would be no holidays or torch-light parades in celebration of a payments union. In Germany the West German Government was offset by an East German Government and there was a complete deadlock on the Austrian Treaty. What was needed was some new approach which would recapture the initiative. The Secretary said that he had thought about making such a review to Franks and asking the latter what he thought we could do to get started.

Mr. McCloy expressed the view that the important thing was to move in the political field and it was his personal view that what was needed was a drastic step toward political unity such as the establishing of articles of confederation for Europe.

The Secretary said that he had thought about the possibility of stepping up the activities and tempo of existing organizations such as NATO, the Council of Europe, OEEC, in particular the NATO might be used as a vehicle since we were members. Perhaps a secretary-general with a secretariat could be established and a close relationship with the Council of Europe and OEEC since there was a wide co-

incidence of membership in these various organizations. A variety of problems could be thrown into these organizations and a considerable amount of activity stimulated. It might be possible to get a number of domestic problems, such as fiscal policies, thrown into these organizations. They were now being handled on a strictly national basis.

Mr. Rusk pointed out that in other bodies, particularly the UN, the experience had been that the establishment of a secretariat increased the activity of a body since there was a group of people who had a vested interest in the vitality of the organization.

Ambassador Douglas expressed serious doubts that the idea of confederation in Europe was a practicable proposal.

Mr. Nitze recalled that Spaak had said that Europe was not ready for political federation. This applied to the Continental countries as well as the UK. He had expressed the opinion, however, that some sort of organization of existing bodies into a coordinate whole might work.

The Secretary suggested that in NATO, discussion need not be limited to specific problems of the Atlantic area but might cover such things as Southeast Asia and the Far East as they bore upon the situation of the member countries. He suggested that you might throw into the NATO Council the question of what should be done about a German treaty.

Mr. McCloy referred to the question of the inclusion of Germany in the NAT framework. He said this would have, in his opinion, a very stirring effect in Germany since he felt that a good deal of faith had been lost in the potentiality of OEEC and the Council of Europe as instruments to bring about the unification of Europe.

The Secretary asked whether there were any views on the strength and vitality of France. Were they merely existing under the protective tent which ERP had erected over them?

Mr. McCloy said that he had been pleasantly surprised by the apparent rebirth of self confidence in French military circles, particularly among the younger officers.

Mr. Rusk suggested that the ability of the French to carry on in the midst of their own political shambles was an evidence of their inherent vitality.

Mr. Byroade, in referring to the problem of relations with the British, suggested that perhaps the most important aspect was to get the British to recognize that they had lost their old position of power and would have to face-up to a changed status in the world. Unless such a reorientation occurred, was it possible ever to establish sound relations with the British? He referred to the question of German unity and expressed the feeling that one way or another that problem would

come up in the relatively near future and that we would have to face what our position was.

Mr. McCloy, in commenting on the last point, referred to evidences of increasing Soviet self confidence in Germany. The Soviets were contrasting the economic unity in Eastern Europe with what they termed the disintegration of the West. The Soviets did not stress political unity in the East. Mr. McCloy felt that Western political unity was one thing which the Soviets were most anxious to discourage. He did not foresee any possibility of a unified Germany in the foreseeable future except unification under the Soviets which would mean that the 15 million East Germans prevailed over the 47 million West Germans. He did not see unification as an immediate problem. He did feel, however, that the West Germans were nervous, hysterical and uncertain and had no great confidence in the coherence of Western Europe. He did not feel that Adenauer [4] would speak so critically of Western moves if he felt that the West was united and strong.

Mr. Rusk suggested that in talking to Franks there were three additional points which might be covered. The first was that, in relation to the British, discussion of any specific problem always seems to lead to discussion of a wide variety of problems and the solution of any one seems to be always linked to the solution of many others. He suggested that the Secretary might ask Franks how he thought the circle could be broken. As the second point he suggested that Franks might be asked whether, in his opinion, the Europeans expect more leadership from the US and more detailed blueprints of what we want, pointing out that when we do get specific we are met with a charge that we are interfering. The third point which might be made was that the limits of foreign policy action by the British seem to be determined by what could pass through a fine treasury screen and that pennypinching seemed to be characteristic.

The Secretary asked Ambassador Douglas whether there were any British who could work at overall matters imaginatively. He suggested that Bevin had distinct limitations along this line. Ambassador Douglas agreed with regard to Bevin but said that while Strang [5] was also rather limited, he felt that there were some officers in the Foreign Office who had a capacity for imagination. He also felt that there were some among the Conservatives and mentioned in particular the close personal relations between Bevin and Eden. He observed, however, that it was a very ticklish matter to talk to the opposition and his opinion as to whether it was possible would have to depend upon his

[4] Konrad Adenauer, Chancellor of the Federal Republic of Germany.
[5] Sir William Strang, British Permanent Under Secretary of State for Foreign Affairs.

conclusions when he reached London. It was suggested that Franks himself was capable of an imaginative approach and that the Secretary might discuss with him what was the best technique for eliciting new ideas or a response to new ideas in the UK.

There was some discussion of the matter of the European payments union and the UK-German trade talks.[6] Mr. McCloy made a point of the fact that the British had not consulted us in advance. In answer to a question from the Secretary he said that US personnel had not urged the Germans to oppose the British (as the British had alleged). The Germans had reacted against British proposals and had come to the Americans on their own initiative. Mr. McCloy also generalized that there were many difficulties in achieving common policies with the British in Germany due to a lack of close and flexible consultation. The same was true with regard to the French who, for example, did not keep us informed in the matter of the Saar.

There was also some general discussion of the problem of Japanese accession to the Wheat Agreement. Mr. Rusk suggested that the Secretary take this matter up on the record with Franks, which the Secretary agreed to do.

The questions relating to airfields in the UK, the relation of the UK-German trade talks to the payments union and the matter of Japanese accession to the Wheat Agreement had all been covered previously in a memorandum which had been prepared for the Secretary.[7]

[6] Documentation on the United Kingdom-German trade talks is scheduled for publication in volume IV.

[7] Under reference here is a memorandum from Rusk to Secretary Acheson, dated March 7, not printed (611.41/3–750).

841.10/4–1750

Paper Prepared by the British Embassy [1]

TOP SECRET [WASHINGTON, April 17, 1950.]

STERLING BALANCES AND SOUTH EAST ASIA

NOTE BY THE UNITED KINGDOM

1. This paper sets out for consideration an outline of policy for dealing with the two closely related problems of the sterling balances and development in South and South East Asia.

[1] Attached to the source text were a memorandum of transmission from Battle to Secretary Acheson and two notes from Ambassador Franks, dated April 17, none printed (841.10/4–1750). In the first note Franks indicated that this paper was the one he had promised and that he had also sent a copy to Ambassador Wrong. In the second he stated that the views expressed in the paper were not definitive.

2. Both these problems are urgent. While Sterling balances of the present size remain outstanding throughout the world they represent a continuous threat to sterling and their repayment is a weighty burden on our economy which intensifies the inflationary pressure. Meanwhile, in South and South East Asia the Communist threat is growing apace. This threat is of vital importance, both politically and economically, and can be countered only by a constructive policy which will offer hope of economic advance for the peoples of this region. Furthermore, supplies from South and South East Asia are of cardinal importance to the economy of the whole world and in particular the area is of importance in the balance of payments and trading position of Western Europe.

3. The two problems are linked together for the following reason. Of the total sterling balances of £3,267 million, £1,185 million are held by India, Australia, Pakistan, Ceylon and New Zealand. The sterling balances represent not only the external reserves of these countries but also the funds upon which they rely for carrying out their programmes of development. If their drawings upon their sterling balances are reduced to a level which we can afford, India, Pakistan and Ceylon in particular will be unable to maintain, far less increase, their present rate of development; India has already had to cut back her development programme very sharply. There is, therefore, no prospect of a satisfactory settlement of the sterling balance problem consistent with a continuous economic development in South and South East Asia unless new money can be found for development (or for settlement of the sterling balances) from outside the Sterling Area. On any realistic assessment this can only mean dollars.

4. At the same time the two problems cannot be treated as identical. The sterling balance problem extends far beyond the boundaries of South and South East Asia; thus the sterling holdings of certain other countries (e.g. Egypt) affect the position of sterling. Moreover, in considering any development programme for South and South East Asia, Indonesia, Burma, Indo-China and Siam (who possess only modest amounts of sterling) are also of great importance, and indeed are nearer the front line in the Communist attack than the Commonwealth countries. The two problems cannot therefore be treated as one; but a self-consistent solution has to be found for both.

I—*Sterling Balances*

5. We have to deal with two major dangers to sterling and to our economy:

(i) The existence of large sterling balances, available for spending outside our control, is an ever-present threat to sterling. The balances played a large part in the events of 1949 in that their existence contributed heavily—and still contributes—to the difficulty of restoring

full confidence in sterling. While our affairs are going well, this is not directly damaging, but as soon as we suffer a setback, our weakness is at once intensified. Our vulnerability to fluctuations in the world economy—resulting from our wholly inadequate reserves—is our worst weakness, and the sterling balances greatly intensify it.

(ii) The existence of large sterling balances represents a potential direct drain upon our economic resources—so-called "unrequited exports". If, e.g., India is able to run a deficit on her balance of payments by drawing down her sterling balances, this is a charge on our economy, and contributes to our present inflationary difficulties. In 1948–49, the rest of the sterling area ran an overall deficit of £320 million, and in 1949–50 the deficit will be well over £200 million. The receipt of aid from the United States and Canada has, of course, been a considerable factor in our ability to support such a strain.

6. The "sterling balances" are a wide range of overseas holdings of sterling and sterling securities—bank balances in London held by Central Banks, balances held by overseas commercial banks and private individuals, sundry wartime loans to His Majesty's Government, the funds of Colonial Currency Boards and Colonial Governments, etc. Much of them—probably well over one-half—represent the monetary reserves of countries which base their currencies on sterling and the normal world-wide working balances held in sterling which are a natural part of the sterling trading and financial system. The composition of balances differs from country to country; the present arrangements, by which some of the balances are more or less "blocked", vary widely; some positions are more dangerous than others, and for different reasons. The "sterling balances" cannot be treated uniformly; but each holder attaches great importance to what happens to others.

7. The distribution of Sterling Balances is shown in Annex A.[2] Among Commonwelth countries, we should consider it desirable to take early action with India, Australia, Pakistan, Ceylon; we do not propose to take action in respect of the Colonies partly because their sterling funds are already under close control, and partly because we are already giving large financial assistance to the Colonies, and it would not make sense to reduce their available sterling resources and at the same time to provide them with new funds. (A fuller note on the Colonies is at Annex B.[2]) New Zealand's balances do not create difficulty. South Africa's balances present certain special characteristics. Outside the Commonwealth, the biggest problem is presented by Egypt. The European balances involve special features, and their future depends on the outcome of present discussions concerning a European Payments Union. In any case, it will be advisable to deal first with the Commonwealth.

[2] Not printed.

8. Any new arrangements with holders of sterling balances would be a combination of any or all of the following elements:

(i) Cancellation of some balances outright (if possible).
(ii) Funding of some (i.e. an arrangement by which part of the balances are paid off in equal annual instalments, over a specified number of years).
(iii) Release or partial blocking of the rest (i.e. agreeing how much of the rest the holder should be allowed to use freely now, and under what circumstances it should be allowed to ask for the release of any of the remainder).

9. These matters would have to be the subject of discussions with holders of sterling balances. As already stated, we think it advisable to hold discussions with the Commonwealth first, and then work outwards to other holders.

(A question may shortly arise of dealing with Egypt separately at an early date.)

10. Voluntary cancellation by the holders of any part of the balances is thought to be most unlikely unless it is a consequence of the injection of external assistance. Some surrender of balances might be accepted in exchange for dollar aid. This would, of course, only be feasible if such assistance were made available on a grant and not on a loan basis.

11. The extent of funding to which the holding countries may be willing to agree may also be influenced by whether or not dollar assistance is available but we believe that some funding arrangement may be possible even without its being associated with dollar aid. Our object as regards funding would be to ascertain what is the minimum amount of its sterling holdings which each country needs to maintain as monetary reserves and working balances and to seek agreement for the funding of the rest. In the ideal the amounts left free under such an arrangement would represent working balances and minimum reserves only so that except in circumstances of extreme difficulty which justify a call upon reserves the current demand upon our own resources would be limited to the annual instalment of repayment of the funded debt. The proportion of existing balances required to be held as working balances and reserves would of course vary quite widely from country to country and would need to be discussed with each country in the light of its expected future policies. If we get the sort of arrangement we should like we should not expect the "free" proportion of existing balances to be less than 50% overall, but the very nature of these "free" balances should mean that no appreciable proportion of them would normally be free to be spent. Quite clearly, the willingness of the holders of balances to fund on the maximum scale desirable on these lines will be greatly affected

by the prospects they see of receiving assistance towards their necessary current expenditures from outside the sterling area.

12. That would mean that a balance-holding country, in addition to current earnings, would have available to spend—(*a*) the dollar aid; (*b*) the annual installments of the funded portion of the balances; and (*c*) such part of the balances as might be left completely free under paragraph 8(iii), and did not need to be retained as monetary reserves and working balances.

13. It is clear, therefore, that great importance is to be attached to the availability of dollar assistance. Nevertheless, we shall do whatever can be done in advance of the availability of such assistance.

14. We are, therefore, considering tackling the problem in two stages:

(i) By funding as quickly as possible as much sterling as can be funded independently of external assistance.

(ii) If external assistance becomes available, for development or otherwise, linking it so that a recipient of external aid would have to cancel part of the previously funded debt and/or fund a larger proportion of its balances.

II—*South and South East Asia Development*

15. Except in the Colonial territories, we cannot afford to play any significant part in the financing of accelerated development in South and South East Asia. The assistance which we have given to India, Pakistan, and Ceylon by permitting them to use their sterling balances has contributed greatly to their economies since they became independent, but at a greater cost to ourselves than we can afford to continue to pay, in view of the declining scale of Marshall Aid. Thus, far from being able to do more to assist development in this region, we cannot do as much as we have done in the past.

The other Commonwealth countries in the region are likewise unable to contribute substantial help. If Australia (or any other Sterling Area country) offered a *sterling* contribution to development this would almost certainly come out of her balances and would, therefore, merely impose an additional burden on the United Kingdom. In turns of the economic burden involved, Australia can only turn her sterling into goods and services at our expense. (For instance, if Australia gives or lends £1,000,000 to Indonesia to buy U.K. plant for electrical generating stations, the supply of that plant involves demands for labour and material in the U.K. in precisely the same way as if e.g., India [*Indonesia?*] were buying it and paying for it, not by exports to us, but by drawing down her sterling balances.)

16. The course of economic development in this region therefore depends upon external dollar assistance. Without this, the pace of

economic development in Commonwealth and non-Commonwealth countries alike will be far less than is needed in present circumstances. Both from the political point of view and from the economic point of view, it is highly necessary—and indeed urgent—that economic development throughout this region should proceed as fast as possible. There is no other way to provide hope for these peoples. The condition of success must be dollar assistance, for the scale of the problem is so great that economic aid given piecemeal in the sort of quantities which we can offer does not scratch the surface of the task of raising the productivity—and thus the standard of living—of 500 million people. This is obviously a long term problem.

17. In the middle of May, the Consultative Committee which was set up at Colombo will meet at Sydney. We hope that the Committee will concentrate upon the production of a realistic development programme, showing the immediate and more distant objectives of the projects included in the programme, the resources available from within the area and from other parts of the Commonwealth to carry it out and the additional external (i.e. dollar) assistance which may be needed to give full effect to it. In addition to the long-term development, it is necessary also to consider the money and supplies which are needed to maintain political and economic stability, but we consider that the latter should be included in a very wide concept of "development", in order to avoid the grave dangers of maintenance being sacrificed to the creation of new capital and of the idea of development being associated exclusively with spectacular projects. This approach may well make it difficult to cover under the programme the immediate quasi-military needs of territories such as Indo-China where governments at present exercise no effective control over their territories. Their development needs would be covered by the programme, if and when their governments regained control of their economies. Meanwhile, their immediate needs are in any case so urgent that the only way of meeting them in time would be by some emergency aid such as was rendered by the U.S. to Greece, Turkey and France before the E.R.P. programme was launched.

18. We therefore contemplate a general policy on the problems of South and South East Asia development along the following lines:

(i) That, at Sydney (following the Colombo resolution) we should seek to begin the preparation of a development programme for the Commonwealth countries in the region, to prepare the way for—

(ii) Further consultation with the United States and Canadian Governments as to the assistance they can give in carrying out this programme, and

(iii) That, at Sydney, a decision should be sought to invite other countries in the region, i.e. Burma, Indo-China, Indonesia and Siam

to co-operate with the Commonwealth in preparing similar development programmes.

(iv) That any scheme agreed at Sydney should be co-ordinated with the Technical Assistance Programme being prepared by the United Nations Organisation and its specialised agencies;

(v) That we should go ahead with the work on the Commonwealth programme irrespective of whether the other countries join in.

III—*The Time Table*

19. We can thus proceed to a discussion of the acceptability of funding with holders of sterling balances independently of the intentions of the United States and Canada. The problem of timing of wider action on sterling balances and on development is, however, a delicate one. If discussions with Commonwealth nations are to be based on certain assumptions as to the acceptability of a given course of action to the United States (and Canada), we must know whether that course of action will in fact meet with the approval of the United States and Canada and have some idea of what sort of action they themselves would contemplate. On the other hand, the Indians (and others) are inclined to look with disfavour upon discussions with the United States and Canada of questions which they consider ought to have been first discussed in the wider Commonwealth forum. We believe, however, that the right course is to begin by a general discussion of our ideas within the tripartite forum, but in the sense of seeking to elucidate the views of our colleagues rather than asking their attitude to a special plan. We are not seeking agreement on a special plan either with regard to the sterling balances or development, but we do feel it necessary to know how our colleagues are thinking. We therefore hope that this paper will serve to set on foot exploratory conversations which can be completed before the Sydney Conference opens on May 15th.

20. The time table of discussions might then take the following form:

(*a*) *2nd half of May.* Meeting of Consultative Committee in Sydney.

(*b*) *May–September.* Detailed preparation of programmes in the capitals and approaches to South East Asia countries not in the Commonwealth.

(*c*) *September.* Further meeting of Commonwealth Governments to co-ordinate detailed development programmes and to assess need for external assistance.

(*d*) *October.* Final co-ordination of these programmes with the programmes of the non-Commonwealth countries.

(*e*) *2nd half of October.* Commonwealth meeting to approve the general programme and the terms of an approach for external assistance.

(*f*) *November.* Presentation of report in Tripartite talks.

Sometime during this period, discussions with certain members of the Commonwealth and certain countries outside the Commonwealth on Sterling Balances.

IV—*Summary*

21. Our proposals are therefore:

(i) We seek a two-stage settlement of the sterling balances problem, the first, independent of external aid, by a limited measure of funding, and the second involving some surrender of balances in exchange for external assistance for development.

(ii) We seek a South and South East Asia development programme on the policy indicated in paragraph 18.

(iii) Exploratory discussions with the Americans and Canadians be started as soon as possible on the lines of paragraph 19.

(iv) The programme in paragraph 20 be accepted for the time being as a general basis of planning.[3]

[3] On April 18, Secretary Acheson sent copies of this paper as enclosures to letters to Paul Hoffman, Administrator of the Economic Cooperation Administration, and to John W. Snyder, Secretary of the Treasury. Copies of these identical letters, neither printed, are in file 841.13/4–1850.

611.41/5–550

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] May 5, 1950.

Participants: Sir Leslie Rowan, The British Embassy
The Secretary of State
Mr. Willard Thorp [1]

Sir Leslie Rowan called at my request. The request was made as a result of an understanding between Secretary Snyder, Mr. Hoffman and me that I should inform Sir Leslie orally of our "first thoughts" on the paper relating to settlement of the sterling balances and the investment needs of south and southeast Asia which had been sent to me by Sir Oliver Franks.

I said to Sir Leslie that as requested by Sir Oliver I was giving to Sir Leslie in Sir Oliver's absence our first thoughts on the paper. These were in reality first thoughts because Secretary Snyder, Mr. Hoffman and I had all been under such pressure in the last few weeks that we have had only a limited opportunity to consider the paper. We noted that it dealt with two subjects: the negotiation of the sterling balances and the development needs of south and southeast Asia.

In regard to the first, we still thought, as we had in the past, that arrangements between the British and the holders of sterling balances

[1] Assistant Secretary of State for Economic Affairs.

toward the end of either scaling down or converting portions of the balances or both were of great importance and the necessary steps toward the goal of convertibility. We were very glad to know that the British were going to make a determined effort in this direction and had great hopes that they would be successful.

On the other subject, the development needs of south and southeast Asia, we agreed with the British on the great strategic importance of this area. We had already taken some steps to give economic and also military help to that area. We proposed to discuss the matter further in London and hoped to reach a meeting of minds there on the coordination of the efforts of all concerned—the British, the Dominions, the French and we hope the Dutch in the area. From our point of view, we had to approach this solely from the point of view of the needs of the area as a part of a foreign investment program. This matter now formed a part of the study being conducted by all the Departments under the leadership of the President, who had assigned Mr. Gordon Gray [2] to give it his exclusive attention. We must, therefore, present any conclusions which we arrived at to our own people and to the Congress and we wished that the British would present our attitude as being directed solely toward needs of the area. We could not consider what we might do in this area as related to the sterling balances. If whatever we were able to do had the effect of helping the British in the solution of their separate problem, we would be very glad.

I said that it might take us some months to complete our work within the Government and it might take some further time to present our conclusions to the country and the Congress.

Sir Leslie asked whether we contemplated having any further discussions of the paper at the official level. I said that I had not discussed this point with Mr. Snyder or Mr. Hoffman, but I felt that I could speak for them in saying we did not contemplate making any further reply to Sir Oliver's letter by note or memorandum as I thought our conversation had covered it. I said that I felt sure the Treasury would be interested in any further information which might develop as the negotiations between the British and the holders of the balances proceed. So far as the investment needs were concerned, we expected to have further discussions in London and there would undoubtedly be further talks between the British, French and ourselves in the course of developing and coordinating our first efforts.

Sir Leslie thanked me for receiving him and giving him the above impressions on the British paper and said he would promptly report them to his Government. He stressed the point that the British memo-

[2] Secretary of the Army until April 1950, then Special Assistant to the President.

randum was most tentative in character, and did not represent a course of action which had been approved.

Editorial Note

The Foreign Ministers of the United States, the United Kingdom, and France met in London May 11–13 to discuss world problems of mutual concern. Concurrent with the ministerial talks were various bilateral and trilateral discussions on problems that the Ministers did not have time to consider. In particular American and British officials held six bilateral discussions on various aspects of Anglo-American relations. For documentation on these bilateral talks and the meetings of the Ministers, see pages 828 ff.

611.41/5–2250

Notes on the First Meeting Between Messrs. Christopher Warner and Edward Barrett, at London, Saturday May 20, 1950 [1]

SECRET

LONDON, May 22, 1950.

Present: Christopher Warner, Ralph Murray, P. L. Carter — Information Policy Department, Foreign Office
Edward Barrett, W. T. Stone, Mallory Browne — State Department and United States Embassy, London [2]

The following topics were discussed at the first meeting: (1) general aims and objectives of U.S. and British information services; (2) information functions of the NAT organization, and (3) arrangements for closer cooperation between our services in promoting common objectives and combatting Communist propaganda.

I. *General Aims and Objectives*

MR. WARNER, in welcoming Mr. Barrett, said it was apparent from the preliminary talks [3] that the State Department and Foreign Office were in general agreement regarding the need for closer cooperation between the information services of our governments. While there may be differences of emphasis and variations in our methods, and our

[1] The notes were prepared by the United States Information Service.
[2] Assistant Secretary of State for Public Affairs, Chairman of the Interdepartmental Foreign Information Staff, and Counselor of Embassy, respectively.
[3] No record of the preliminary talks under reference has been found in the Department of State files.

approach to certain problems, we have arrived at much the same ideas about the importance of exchanging information and ideas on the broad range of information activities.

Mr. Barrett reviewed briefly the changing attitude in the United States toward the information program, noting the increase in Congressional support, and the President's recent speech [4] urging stronger efforts to combat Communist propaganda with truth. He described the closer integration of the information program within the State Department, the current review of information policy objectives and the tentative plans for expansion of activities in critical target areas. He stressed the fact that our plans for expansion are still in the preliminary stage and have not yet been presented to Congress. What we have attempted to do is to survey information needs and possibilities in the light of the present international situation, without regard to the normal budgetary or administrative limitations. First priority has been given to critical areas, including the Soviet Union, the Satellites, Western Europe, South East Asia and certain other peripheral areas. Preliminary estimates look toward something like 78 million dollars the first year and 120 million the second year, as compared with our present information and educational exchange budget of 34 million. Mr. Barrett asked that these figures be held in strict confidence.

Mr. Warner reviewed British information objectives since the Cabinet directive of 1948 authorizing anti-Communist activities, and noted the difference between U.S. and British target area priorities. The Foreign Office gives a higher priority to areas outside the Iron Curtain and concentrates its effort on parts of the free world in danger of Communist penetration. Thus, first priority is given to France, Italy and Germany in Europe, and South East Asia in the Far East. Second priority is given to India, Pakistan and the Middle East. The European satellite states are regarded as more important than the Soviet Union.

Mr. Warner stressed the importance attached by the Foreign Office to the use of local channels for the dissemination of anti-Communist propaganda, rather than flooding the market with publicly identified British propaganda. British experience shows that overt propaganda has very little value in areas like South East Asia or the Middle East, and the danger of over-reaching the saturation point in other areas should not be lost sight of.

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[4] For text of President Truman's speech at the luncheon of the American Society of Newspaper Editors in Washington on April 20, 1950, see Department of State *Bulletin*, May 1, 1950, p. 672, or *Public Papers of the Presidents: Harry S. Truman, 1950*, p. 260.

Guidance to field Missions is provided in fortnightly telegrams and special instructions. A useful form of guidance is furnished through the "Diplomatic transmission" of the London Press Service, the British Counterpart of our Wireless Bulletin which is prepared by the Central Office of Information. By inserting comments on newspaper articles or press summaries, the Foreign Office can indicate its line to Missions in the field. The BBC receives no formal written directives from the Foreign Office, but does receive information telegrams and special items sent in for broadcasting purposes. General Jacob, BBC director of Overseas Broadcasting, has the full confidence of the Foreign Office and participates in policy conferences as though he were a permanent member of the F.O.

Mr. Murray described the methods and techniques of anti-Communist propaganda. Basic materials are developed by a central research staff in London, and processed for specific areas by a group of writers who work through an agency set up outside of the Foreign Office for this purpose. Trade Union organizations and various groups are used to place articles published under the by-line of well known writers; these articles and additional anti-Communist materials are then sent to regional field offices in Singapore and Cairo, or to Information officers in individual countries for adaptation to meet local needs. The materials are never used directly by BIS, but are placed in local journals or made available to local groups. Careful attention is given to the selection of the most effective channels and target groups and themes.

Mr. Barrett expressed our interest in developing similar techniques for effective use of gray propaganda, particularly in South East Asia, and in learning more about British experience in this field. However, we believe that much could be done to strengthen the effect of our positive propaganda, through overt media, by using public statements stressing the unity of purpose of the nations of the free world.

II. *NAT Information Activities*

In line with our approved position papers, it was agreed that the primary function of the public information section of NATO would be to promote and stimulate publicity in furtherance of the objectives of the treaty through the national programs of the member governments. The man to head the publicity work should be a high calibre American or British expert, preferably with some government experience. It was agreed that we would canvass the field for the best possible candidates and come up with suggested names. The final choice would be made by the new Chairman of the Council of Deputies.

III. *Arrangements for US–UK Cooperation*

It was agreed that close and continuous liaison in both Washington and London will be essential if our present general cooperation in the information field is to be strengthened effectively. Mr. Warner said that the Foreign Office was ready to appoint a qualified Foreign Service officer to the British Embassy in Washington. They have in mind a man like Adam Watson, who would be attached to the Chancery, rather than to Gore-Booth's information staff.[5]

Mr. Barrett said that we would welcome such an officer in Washington, and would like to establish a similar officer in London.

Both liaison officers should be in a position to cover all aspects of current information activities, including broadcasting and certain special activities. It was agreed that duplication of channels could be avoided if these officers functioned in the same manner as political officers attached to our respective Embassies.

[5] Paul Henry Gore-Booth, Director of the British Information Services in the United States.

611.41/5-2350

Notes on the Second Meeting Between Messrs. Christopher Warner and Edward Barrett, at London, Monday, May 22, 1950 [1]

SECRET

London, May 23, 1950.

Present:	Christopher Warner Ralph Murray R. L. Speaight J. H. (Adam) Watson	Information Policy Department, Foreign Office
	J. B. Clarke—BBC	
	Edward Barrett W. T. Stone Mallory Browne	State Department and United States Embassy, London

The following topics were discussed at the second meeting: (1) cooperation with the BBC including sharing of transmitter time, etc.; (2) anti-jamming measures; (3) cooperation in critical field areas; (4) positive measures in support of common objectives.

I. *Cooperation with the BBC*

The Foreign Office and the BBC are in full agreement on steps to be taken to carry out technical understanding reached with Herrick, Kerrigan and Brady.[2] This covers the proposed relay base in Bahrein, proposals for relay time for VOA on BBC transmitters at Singapore,

[1] The notes were prepared by the United States Information Service.

[2] The understanding under reference has not been identified further.

Malaya, and Ceylon, and British desire to secure time on our stations at RIAS, Munich and Salonika.

Bahrein: The Foreign Office will make preliminary, informal enquiries through their local agent and the resident British representative, Sir Rupert Hay. We will be kept fully informed of these enquiries and, if possible, an American will be present during any negotiations with the Sheik. Enquiries will be pressed without delay. With reference to broadcasting in the Middle East, Warner and Clarke both commented on the timing of a formal approach which would have to take into account Persian claims to sovereignty over Bahrein and other political matters which might be under discussion with Iran. They also noted that the content of our output over stations in the Middle East would have to be watched carefully in connection with controversial political issues in that area, particularly Palestine. Warner assumed that we would assign a program officer at Bahrein to watch matters of this kind.

Singapore, Malaya, Ceylon: The only political difficulty which Warner and Clarke foresee in carrying VOA programs over their stations is the possibility that Ceylon or Malaya might be hesitant about broadcasts which vigorously attack the Chinese Communist Government. The BBC contracts with Malaya, Singapore and Ceylon contain a clause reserving the power of veto over anything carried from transmitters in their territories. The Foreign Office does not anticipate difficulty in this connection, but pointed out that vigorous criticism of the Chinese Communist Government might lead to protests.

Mr. Barrett said that we would have to bear in mind the fact that our VOA programs are carried by a friendly Government and that we would carry primarily straight news reports. Our present policy, he indicated, was not to attack the Chinese but to show how they were being used as a tool of Soviet imperialism.

Mr. Warner did not press this point further and was satisfied with Mr. Barrett's answer.

Facilities at Crowborough: Mr. Barrett reported that our engineers felt more effective use could be made of certain transmitters at Crowborough now used primarily for carrying British diplomatic transmission. We felt that the 650 medium wave transmitter could be used effectively in full power by applying another frequency. In addition, VOA would be willing to provide two 35 kw transmitters for morse code transmissions thus releasing the two 100 kw transmitters now used for this purpose.

As neither the BBC nor the Foreign Office were briefed on the subject, Mr. Warner merely said that they would look into the matter at once.

II. *Measures to Counteract Soviet Jamming*

It was agreed that our technical people should continue to work on all possible measures to counteract jamming. Several specific suggestions were discussed. First it was proposed that an effort be made to synchronize the broadcasts to Russia and other countries with the VOA and BBC transmissions. After reviewing the list of countries now broadcasting to Russia, it was agreed that the most likely countries would be Italy, Spain, the Vatican and possibly Greece. It was agreed further than the U.S. would take the initiative in sounding out these countries.

Warner and Clarke proposed that steps be taken to determine whether Canada, Norway, France, Denmark, Holland and possibly other NAT countries might contribute time on their existing facilities for rebroadcasting VOA or BBC programs. They were not too hopeful on this point, but believe that the proposal was worth investigating, and that it might be possible to secure rights for the establishment of additional relay bases in some of the NAT countries. The Foreign Office and BBC will investigate this possibility and give us a report.

There was considerable discussion of the situation which may develop if all-out jamming is extended to blanket Satellite countries. The British are aware of this developing situation but have made no specific plans. It was agreed that the proposal should be studied closely. Both Mr. Warner and Mr. Clarke stressed the danger of an all-out radio war which would produce a chain reaction throughout Europe and jeopardize domestic broadcasting services. It was also pointed out that complete chaos might be to the Soviet advantage. It is apparent that the British Government is apprehensive about the European broadcasting situation and will be careful not to take any action which might affect British home services.

Mr. Barrett reported briefly on the proposed broadcasting activities of the Committee for Free Europe. The British have no plans for any similar organization and the general feeling is that the job must be brilliantly done to be effective. Warner indicated that he would be glad to examine the possibility of this type of activity.

Mr. Barrett touched on other means of penetrating the Iron Curtain, mentioning various suggestions in the "H. G. Wells" category such as balloons etc. He made it clear that we had no immediate plans for developing unconventional devices but were merely exploring all future possibilities.

Mr. Warner indicated that they had done very little in this field. He suggested that a small newspaper might be the best instrument. They had also considered merchant seamen as a means of infiltrating information. It was agreed that we should both explore all possibilities in this field.

III. *Cooperation in Critical Areas*

South East Asia: Mr. Barrett read the list of recommendations prepared by FE/P for exchange of information materials translations and analyses of Chinese press, closer liaison at Singapore and general instructions for closer cooperation throughout the area; Mr. Warner agreed to all of these suggestions. Mr. Warner renewed his suggestion that we send a top man or a team to work with their regional information center at Singapore. Mr. Barrett agreed to look into this possibility and said that we would welcome an exploratory visit by a British officer to our operation at Manila.

The Foreign Office hopes to set up a press reading service in Peiping on the lines of the Moscow service, covering newspapers and important periodicals. They would like to have the USIS in Hong Kong establish a similar reading service for South China, but referred again to the feeling of the Colonial Governor of Hong Kong that USIS activities should not be greatly expanded or become too "ostentatious."

French Indochina: The question of relations with the French was referred to briefly. The Foreign Office will send instructions to Malcolm McDonald [3] regarding cooperation with the French with a view to getting more information out of this area and stimulating the French to do more in the information field. However, their instructions will make it clear that the Foreign Office does not wish to tie its hands or become too deeply involved with the French information service.

The Foreign Office hopes that we will send similar instructions to our Consultate and Information Officer on the basis of the talks which Jessup had with British and French representatives in the tripartite meetings.[4]

Middle East: Political discussions with the British at the bilateral meetings resulted in overall agreement on Anglo-American policy in the Middle East. This might be implemented by closer cooperation between Information Officers throughout this area, making use of special information materials and occasionally, by a joint demonstration to offset Communist charges of disagreement and rivalry. The Foreign Office is sending a full report on the results of the London talks to their field representatives.

It was agreed that cooperation in India and Pakistan is good at the present time, and should be extended wherever possible.

It was agreed that the Department and the Foreign Office will send a general instruction to field missions regarding the results of our talks and the desirability of extending cooperation in the field.

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[3] Commissioner General for His Majesty's Government in Southeast Asia at Singapore.

[4] For documentation on Ambassador at Large Jessup's trip to the Far East and South Asia, see vol. VI, pp. 1 ff.

A word of caution about the danger of flooding the market with grey material may be advisable.

Europe: It was agreed to consider the possibility of continuing the local cooperation in *Berlin* beyond the Whitsuntide demonstrations.[5]

It was agreed that further study should be given to exploiting propaganda possibilities in *Albania* and that we should exchange ideas on all output to Satellite areas.

The Foreign Office will endeavor to pass on to the State Department as much information as possible from Bulgaria and will repeat its special BBC telegram to VOA New York.

IV. *Positive Information Outlook*

Mr. Warner said that he felt we had done much more than they had been able to do in promoting effective public statements, speeches by the President, the Secretary of State, and other Cabinet members; that this was most useful and should be encouraged. They found the problem difficult but would continue to stimulate similar public statements in line with our common objectives under NAT.

Mr. Warner indicated considerable concern over the apparent trend toward neutrality on the Continent, particularly in France. He felt that the line taken by *Le Monde* was beginning to have effect and he knew that the French Government was very much concerned with the development of the neutrality philosophy.

In working on our positive output, it was agreed that we should exchange ideas on all possible common lines of action and give more attention to developing effective slogans.

[5] Documentation on the Whitsuntide demonstrations in Berlin at the end of May is scheduled for publication in volume IV.

II. The Labour Party Executive's Pamphlet on "European Unity"

741.00/6–1550 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET NIACT LONDON, June 15, 1950—1 p. m.

3356. 1. This telegram on Labor Party Executive pamphlet "European Unity" [1] is joint Embassy–ECA message. Every now and then

[1] Copies of the 15-page pamphlet were transmitted as enclosures to despatch 2964, from London, June 19, not printed (741.00/6–1950). Its publication had "raised storm of criticism in Congress and press" in the United States, and Douglas had been instructed that "Any Govt statement softening unfavorable impression of pamphlet wld help." Telegram 2888, June 14, to London, not printed. (741.00/6–1450)

the British drop a brick and when they do it's a classic. Furthermore timing of this pamphlet could hardly be worse. Part I this telegram is an account of origin and preparation of pamphlet, and is based on reliable confidential information. Part II represents what we think pamphlet means in terms of Party policy. Part III appraises possible significance for government policy.

Part I.

2. Pamphlet was originally planned last winter for domestic consumption as statement of Party's attitude toward future development of Council of Europe. General Affairs Committee of Assembly is examining proposals for "the establishment of a European political authority with limited functions but real powers". It was, therefore, felt necessary to prepare statement setting out party position on this particular question and the general subject of European political unity making clear that MacKay and other advocates of a supra-national organization do not speak for the party.

3. It was intended to issue pamphlet several months ago but preparation dragged and release at this time purely fortuitous.

4. Although the original intention was to limit pamphlet to European political unity and early drafts were confined to this, it was later decided to add sections on economic unity. After the Schuman Plan was announced, further additions were made. The pamphlet is thus somewhat of a patchwork job.

5. Those parts of pamphlet dealing with European political federation were not seen by Bevin nor were economic sections seen by Cripps, Gaitskell or Jay, or anyone, in fact, in government who speaks with authority on economic matters.

6. Pamphlet was prepared under auspices of Party Executive's International Committee, headed by Dalton, and was largely his responsibility.

7. Pamphlet was circulated in draft form to Executive Committee but it is doubtful if more than a half dozen of the 27 members ever gave it more than cursory reading before it was approved.

Part II.

8. It should first of all be emphasized that this is a Party political document, prepared primarily as a general guide to members and for purposes of public discussion. While formally and officially approved, it would, we think, be a mistake to treat every sentence as a literal statement of Party policy. We know, in fact, that certain parts of this document are completely unacceptable to certain responsible members of the Government, while the ineptness of language in other parts has already caused grave disquiet in top government circles. The pamphlet is in fact so loosely written and there are so many inconsistencies that

any interpretation of detail would be meaningless. In short document should be read as a whole in the light of its original political objective re Council of Europe and its history. After, however, giving due weight to loose drafting, bluntness and ambiguities the pamphlet must stand on its own feet and it is bad.

9. When contradictory statements cancelled out, pamphlet still stands as a badly expressed reaffirmation of Party belief in cautious approach to political or economic European unity and opposition to supra-national authority. It also goes further than past statements in insistence on necessity for acceptance of socialist doctrine as basis of cooperation. Against background of extreme British caution in approach to European economic unity one cannot say that it completely fails to reflect government policy as it has developed since inception of OEEC.

10. In the section "Problem of Basic Industries" on pages 11 and 12 is the assertion that only through nationalization can integration be fully ensured. However, the additional paragraphs re the Schuman Plan hint that the Labor Party might support schemes provided the coal and steel industries were government-controlled even though privately owned. This might be a clue as to what the government itself may have in mind.

11. In two respects pamphlet represents considerable advance over previous official statements by Labor Party. First, idea of a united Europe as neutral force between USA and Russia is attacked with great vehemence. Second, pamphlet pays tribute to progressive domestic and foreign program of present US administration. This shows how far British socialist thought has shifted in past five years.

Part III.

12. One of the most disturbing aspects of this whole incident is the irresponsibility shown by Party and government leaders in permitting publication of a document of this character without adequate clearance with the responsible Ministers.

13. Publication of this pamphlet has without question acutely embarrassed Labor Government. Attlee has already made a brief statement in House of Commons on the subject (see Embtel 3331 [2]) and we anticipate that pamphlet will continue to plague the government for some time. However, it is safe to say that pamphlet per se will exert little if any influence on government policy.

14. Thus we conclude that, while pamphlet will cause embarrassment to administration in Washington because of US public reaction,

[2] Not printed.

it will not fundamentally affect relationship between US and British Governments because it injects no new element into presently recognized differences of viewpoint between governments. As stated in earlier paragraph, cancellation of inconsistencies in pamphlet reveals statement of British reluctance to enter upon any international commitments which might conceivably restrict their ability to plan their internal economic life and to maintain full employment and fair shares at home.

15. We have previously reported on several occasions what appeared to us to be the fundamental contradiction in the regime of the present government—the contradiction between international cooperation in the economic and political spheres as we contemplate it and the internal policy of His Majesty's Government. The problem of reconciling these two objectives, so difficult to reconcile, will remain with us no more prickly and thorny to resolve now, after the pamphlet has been published, than it was before.

Sent Department 3356, Paris 1037. Pass OSR. Pass ECA.

DOUGLAS

741.00/6–1650 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, June 16, 1950—3 p. m.

3391. For the Secretary from Douglas.

1. I called on Attlee this morning and explained to him that I was talking with him on my own initiative, that Washington was not in any way implicated in my visit, and that I would like to talk with him very personally and privately on the understanding that what I might say would not be recorded or received wide circulation. The subject which I wanted to discuss was the serious situation which the Labor Party pamphlet had produced at home.

2. The Prime Minister seemed to welcome my call and agreed wholeheartedly that anything that I might say would be considered as personal and private and that it would not be recorded or circulated.

3. I then explained to him my very deep worry about the violence of the response of the Senate and the House, and throughout the US generally, to the Labor Party's program and wondered what could be done to abate the tidal wave of criticism and the havoc that it might produce. It would be a tragedy, I said, if at this juncture there should

be a serious miscarriage of programs. I was not calling on him with a view to interfering, but rather with a view to exploring with him what might be done and how I could be helpful in calming the tumult.

4. I said that I understood, of course, that a document published by the Labor Party did not necessarily reflect government policy. That, on the contrary, it was merely an expression of views by a group within the party. I said, however, that it raised, it seemed to me, two issues: The first was the general approach of the Labor Party toward international affairs—economic as well as political. The second, within this broad context, was the attitude toward the Schuman plan.

5. As to the first, i.e., the broad Labor Party international outlook, the pamphlet published by the Party, its tone and sense, seemed to be a contradiction, insofar as Europe was concerned, of the language and the sense of the OEEC convention as well as of the bilateral agreement between the US and the UK, and I referred specifically to the language of the pamphlet in regard to tariffs, liberalization of trade, etc., and the language of the Labor Party document. After some discussion of the matter, during which the Prime Minister undertook to explain the pamphlet in its relationship to the convention and the agreement with us, I made the purely personal suggestion that it might be helpful if an authoritative statement could be made to the effect that the OEEC convention and the bilateral agreement with the US mirrored accurately government policy.

6. As to the second point, I said that I understood that there might be good and valid reasons which influenced the UK to refrain from participating in the immediate negotiations of the Schuman proposal. It was suggested that as to this matter it might be helpful if the Prime Minister could say that His Majesty's Government does not, at the moment, want to put forward suggestions lest they confuse the forthcoming Paris meeting, but that at the appropriate time, when they will not be considered to be attempts on the part of His Majesty's Government to divert or interfere with the negotiations, and if His Majesty's Government views are sought, His Majesty's Government would be prepared to make constructive suggestions, for it desires the plan to be worked out effectively.

7. Attlee said that he thought these two suggestions were well worth serious considerations. He thought the statement in regard to the OEEC could be made and that it could be coupled with the reference to the Schuman plan. He would take the whole matter under advisement and discuss it privately with one or two of his colleagues.

DOUGLAS

741.00/6–2050

Memorandum of Conversation, by the Ambassador in the United Kingdom (Douglas)[1]

TOP SECRET LONDON, June 16, 1950.

Participants: Prime Minister Attlee
Ambassador Douglas

Supplemental to Embassy cable of this date.[2]

After I had said to Attlee that I thought there was a fundamental contradiction between the Labor Party pamphlet on the one hand and the OEEC Convention and the bilateral agreement with the United States on the other hand, Attlee examined all three documents. His observation was that people attempted to read into all three documents meanings that were not intended. For example, he said that the sentence in the pamphlet to the effect that any further liberalization of trade would not be in the interests of resolving the dollar gap had to be interpreted against the background of the larger European problem; which was that any reference to reduction of trade barriers and liberalization of trade in the OEEC Convention and the bilateral agreement should, and must be, interpreted in the light of the dollar problem. Surely, said he, no one contemplates that tariff barriers should be reduced in Europe, thus creating a high cost European area and diverting products from dollar markets. Moreover, said he, we did not contemplate in the OEEC Convention that Europe would be a free trade area and that our internal plans would thereby be upset. The OEEC Convention calls for the reduction of tariffs with a view to establishing a multi-lateral trading system. That, said he, we accept. I replied that I was not convinced on this point. If they were prepared to accept a multi-lateral trading system throughout the world they exposed themselves to all of the impacts and influences of such a system and I could not see why they were reluctant to expose themselves to influences within a smaller area. If the larger were good, the smaller also was good. Moreover, I did not interpret the OEEC Convention to mean that steps would not be taken to establish a multilateral trading area among the participating countries. Quite the contrary, the express language and the sense of the Convention contemplated the establishment as rapidly as possible of a relatively free trade area.

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[1] Transmitted as an enclosure to a letter from Douglas to Secretary Acheson, dated June 20, not printed, in which the Ambassador stated that he did not include this material in the telegraphic report since he did not know what distribution the telegram would receive (741.00/6–2050).

[2] Telegram 3391, *supra*.

Attlee then said that they, of course, were very anxious to cooperate with European countries but that the establishment of a free trade area contemplated the integration of the internal plans of HMG with the plans of other governments but no one contemplated that there would be any return to a free trade laissez-faire system.

Attlee explained the language of the Labor Party pamphlet in these terms and tried to rationalize the contradiction between the fundamental obligations and commitments undertaken under the OEEC Convention and the bilateral agreement with the United States. At no time during the conversation did he indicate that there was anything in the Labor Party pamphlet with which he disagreed. On the contrary, he defended it quite vigorously (possibly he could do nothing else although he surely knew me well enough to be able to indicate at least lukewarm support).

In response to the suggestion that there might be a statement reaffirming the OEEC and the bilateral agreement with the United States as a true reflection of British policy, Attlee said that he might say that there was no contradiction between these two instruments and the Labor Party pamphlet. I suggested that he make no reference to the Labor Party pamphlet at all but merely reaffirm the OEEC and U.S. agreement as mirroring correctly government policy, but he added HMG intended to abide by those obligations.

My own interpretation of the pamphlet and my conversation with Attlee is that at last there has been brought out into the open the real inconsistency between socialism as a part of an international order, except as it may be wholely and completely socialist, and the socialist state as an instrument for internal planning of the economic life of a nation.

L[ewis] W. D[ouglas]

III. Consultation on Problems Relating to the Outbreak of the Korean Conflict

Editorial Note

On July 6 Ambassador Franks handed to Secretary Acheson a message from Prime Minister Attlee to President Truman proposing that representatives of the United States and United Kingdom should meet to discuss what courses of action the Soviet Union was most likely to adopt in view of the North Korean attack on South Korea and what plans could be adopted to meet them. President Truman replied on July 8 in a message delivered by Ambassador Douglas, agreeing that these problems should be discussed by representatives of the Department of State, the Foreign Office, and the defense establishments of both countries. In further exchanges the date of July 20 was set

for the beginning of the talks. For the texts of Prime Minister Attlee's and President Truman's messages, see volume VII, pp. 314 ff.; further documentation on the preparations for the discussions is in file 795.00 and CFM Files: Lot M–88: Box 252: Bradley–Tedder. Lot M–88 is a consolidated master collection of the records of conferences of Heads of State and Foreign Ministers' meetings for the years 1943–1955 prepared by the Department of State Records Service Center.

CFM Files: Lot M–88: Box 252: Bradley–Tedder

Memorandum of Conversation, by the Ambassador at Large (Jessup)

TOP SECRET [WASHINGTON,] July 12, 1950.

Participants: General Omar Bradley, U.S. Army Chief of Staff [1]
Ambassador Philip C. Jessup

I called on General Bradley at the Pentagon this afternoon. I told him of the telegram from Ambassador Douglas in which the U.K. inquired when we would be prepared to begin.[2] He said that Lord Tedder [3] had stopped in to see him and had made a similar inquiry. General Bradley is prepared to begin the first of next week, and after a little discussion I agreed that we would send out a telegram to London today indicating we were ready to begin on Tuesday or Wednesday of next week whichever they prefer.[4] General Bradley thought that two or three days would be sufficient for the talks.

I asked him whether he wished to designate someone to go over the points with me in advance of the talks, and he said he preferred to discuss them himself with me and not to appoint any intermediaries. He said that he expected to have two JCS papers by Friday which would cover their estimate of the danger spots and the question of capabilities. He would like to study these over the weekend, and we agreed to meet again in his office on Monday at 2:00 p. m.[5]

I mentioned that part of the President's reply to Attlee which referred to informing other governments. General Bradley suggested that we be very firm in telling the British that we would not discuss NATO plans in bilateral conversations. He said they had pressed for

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[1] General Bradley had relinquished this post to become Chairman of the Joint Chiefs of Staff on August 16, 1949.

[2] Telegram 176 from London, July 10, vol. VII, p. 343.

[3] Marshal of the Royal Air Force, Lord Tedder, Chairman of the British Joint Services Mission.

[4] Telegram 185 to London, July 12, not printed (795.00/7–1050).

[5] On July 17 Bradley and Jessup reviewed the administrative details of the talks and went over the current situation regarding a general war, the Kuril Islands, Hong Kong, Indochina, Australia and New Zealand, Iran, Turkey, Greece, and Yugoslavia. Notes on a talk with General Bradley, July 17, not printed (CFM Files: Lot M–88: Box 252: Bradley–Tedder).

some time for a continuation of a combined staff relationship and had only been convinced that we were serious in rejecting this when we moved their combined staff people out of the Pentagon and moved the standing group in. On Indochina, I said that we would not consider it helpful to have Ambassador Bonnet [6] brought in on such conversations. He suggested that we tell the British that we would not discuss Indochina in the absence of the French, that we proposed to go ahead with our bilateral talks and then to consider whether we should set up trilateral talks on Indochina.

I said that I thought it most likely that the British would raise the three points which they had mentioned to us in the London talks.[7] General Bradley had not thought they would go beyond the kind of estimate of the situation which we were making in NSC 73 [8] but agreed that they would probably want to press on from that point to consider what action we would take in each one of the areas if trouble developed. He had not considered the question of the suggested guarantee to Australia and New Zealand. He was inclined to doubt whether we were in a position to give such a guarantee but thought we could give "assurances" that we intended to hold the line Japan–Okinawa–Philippines, come hell or high water. He did not know what guarantee we could give in case the Chinese Communists got down through Malaya and Indonesia. We talked about particular places. We agreed that the existing policy in regard to Yugoslavia would probably stand, that is that we would furnish supplies but not forces. On Greece, he thought we would be able only to renew the kind of assistance we gave before. He mentioned specifically that we might have to send back "a Van Fleet." In regard to Turkey, he was not clear about the action we might take but in this connection said it was worth considering whether the Mediterranean fleet should show itself in that area. He thought this should be weighed against the possible Soviet reaction, particularly in view of the Black Sea maneuvers which are scheduled for August. He said the Russians were always very sensitive to the appearance of our fleet in that region. On Iran, he said that they always considered this primarily a job for the British. He agreed we might consider whether there was anything we could do to help if a Korean-type operation developed there. On Indochina, he doubted whether there was much we could do but said it was possible we could

[6] Henri Bonnet, French Ambassador to the United States.

[7] The three points were:

"(1) The necessity of knowing something more specific regarding our strategic thinking in the Far East as a prior step to eliciting Dominion—particularly New Zealand and Australian—assurances of participation in defense of the Near East; (2) The desire of the British to know the extent to which we will furnish air support for Turkey; (3) The question of United States economic assistance in Libya in order to assure the maintenance of our strategic facilities there." Letter from Jessup to Bradley, dated July 13, not printed. (CFM Files: Lot M–88: Box 252: Bradley–Tedder)

[8] Of July 1, vol. I, p. 331.

give some air support from a carrier although he doubted whether this could be very effective. I asked whether he thought we, the British and the French were pooling our best skills in jungle fighting. He thought this was a good point and said that he would see that our military mission to Indochina included one of our best jungle fighters.

In connection with the discussion of a Pacific Pact, General Bradley touched on the question of a Japanese Peace Treaty. He said that General MacArthur's written memorandum [9] cleared up a misunderstanding about his views and showed that there was no real difference of opinion on what was meant by the maintenance of "bases." He thought the views of State and Defense were not now very far apart. He noted that the maintenance of American forces in Japan by agreement with the Japanese would be very different from a continuation of the occupation on the present basis. He doubted whether we could indefinitely refuse to permit the Japanese to get in a position to defend themselves, but this problem could not be settled for some time because of the strength of the feeling of Australians and others about Japanese rearmament.

He mentioned the German situation as another one which must be considered.

I suggested that a useful plan of procedure would be for State to indicate the political considerations which would dictate our making an effort to resist another Korean-type action in any other quarter. The situations could be arranged with an indication of priorities. We could then compare these results with their estimate of capabilities and thus come up with a view as to what could and should be done where.

PHILIP C. JESSUP

[9] It is unclear whether this reference was to General MacArthur's memorandum of June 14 or June 23 concerning the place of Japan in the security of the Pacific Ocean; for texts, see vol. VI, pp. 1213 and 1227, respectively.

Conference Files: Lot 59 D 95: CF 32 [1]

The Ambassador at Large (Jessup) to the Secretary of State [2]

TOP SECRET [WASHINGTON,] July 25, 1950.

Subject: US–UK Talks—July 20–24, 1950

The attached memorandum contains the summary of the main points covered in the US–UK talks which General Bradley and I conducted with Sir Oliver Franks and Lord Tedder.

[1] Lot 59 D 95 is a collection of documentation on official visits of foreign dignitaries to the United States and on major international conferences for the years 1949–1955, as maintained by the Executive Secretariat of the Department of State.

[2] The source text bears the handwritten interpolation "Sent to Sec p m 7/26/50."

I attach also the summary notes made by Mr. Yost which cover the matters in greater detail but which it is probably unnecessary for you to take the time to read unless you wish to do so.[3]

The following are my conclusions concerning the utility of the talks, the most important points which emerged, and the further steps along the same lines which remain to be taken.

I. Utility of the Talks

These talks were the latest in a series of similar exploratory conversations. The talks in 1947 and 1949 dealt with the Middle East.[4] The talks in London in May of this year covered Europe, the Middle East and the Far East including the Pacific area. The talks in London resulted in a common conclusion concerning the identity of interest of the U.S. and the U.K. generally throughout the world. The corollary of this conclusion was the view that our policies should be coordinated so far as possible. The talks just concluded in Washington have carried this a step further. We have identified the chief danger spots and have examined them in the light of the Korean aggression. These talks did not reach the point of agreed common plans of action in specific situations but laid the groundwork for such joint planning.

II. Most Important Points Which Emerged

A. THE FAR EAST

It was clear that a principal British preoccupation was that the United States should not become so committed in the Far East as to weaken its ability to contribute to the defense of Europe and to the Middle East. While we pointed to the importance of our strategic interests in the Pacific area, it was common ground that at this juncture we would both wish to avoid extensive commitment of forces in the Far East. With this end in view we shared the opinion that in so far as possible involvements with the Chinese Communists should be localized. We pointed out, however, how difficult this might be under certain circumstances. In our opinion the UK underestimates the closeness of the Moscow–Peiping axis. They have not previously appreciated the extent to which overt Chinese Communist aggression would be another indication of an overall Soviet plan. Our exposition

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[3] Not printed; copies of the notes of the four meetings, taken by Charles W. Yost, Director of the Office of Eastern European Affairs, are in the Conference Files: Lot 59 D 95: CF 32.

[4] For documentation on the 1947 and 1949 exploratory talks on the Middle East, see *Foreign Relations*, 1947, vol. v, pp. 485 ff. and *ibid.*, 1949, vol. vi, pp. 594 ff.

on this point and especially in regard to Formosa gave the British considerable satisfaction. The British told us that they would be unable to defend Hong Kong against a full-scale communist attack. They pointed to the serious military consequences of the loss of Hong Kong in case of general conflict in the Far East but they did not suggest that we would be in a position to give them support in any way which would affect the military outcome. It seemed to me that they were in a frame of mind to swallow the loss of Hong Kong without any vigorous reaction. It was only under the pressure of questioning that they finally admitted that this event might involve them in a real state of war with the Chinese Communists. It was implicitly understood that we did not expect their assistance in the defense of Formosa.

Regarding the Japanese Peace Treaty, General Bradley gave them a very frank description of the difficulties which the U.S. Joint Chiefs had faced in considering the terms of a treaty but indicated that their doubts had now been resolved and that it was merely a preoccupation with the immediate problems of Korea which now delayed moving forward to the conclusion of a treaty. General Bradley told me privately that he thought it would be possible forthwith to reach a sufficient degree of agreement between State and Defense to make it possible to proceed with plans for international consultations and the eventual peace conference.

B. THE MIDDLE EAST

The U.K. representatives at first shied away from a reiteration of the previous understanding that they had the "primary responsibility" in this area. A frank discussion, however, swept away the semantic difficulty of defining the term "primary responsibility" and they agreed that this was an area in which we should look to them to take the initiative in regard to any steps which needed to be carried out. At the same time they registered the hope that we would study the question whether we could not give them more support in case of need. It was interesting to me that both Lord Tedder and General Bradley believed that the Israeli army would be the most effective force south of Turkey which could be utilized for delaying action.

C. EUROPE

The British placed the Berlin situation at the top of their list of danger spots. Although they originally included Western Germany in the same category (which led me to think that they might be arguing here in favor of their general stand on German rearmament), they

later scaled down their estimate on Western Germany and did not continue to press the question of German rearmament when we pointed to the current discussion of the High Commissioners on the matter of increasing the German police.[5]

D. MACHINERY FOR COORDINATION IN WAR

General Bradley and Lord Tedder were agreed that the Standing Group of the North Atlantic Treaty Organization would in case of war be the most suitable equivalent of the Combined Staff during World War II.

III. Further Steps To Be Taken

The last page of the attached Agreed Memorandum on the talks lists eight actions to be recommended. The appropriate officers of the Department will move forward with plans for the consideration and implementation of these recommendations. It seems to me important that we should move forward at once to the point of agreeing upon detailed plans of action in case of further aggression by satellites or by Soviet forces in the various situations indicated particularly in points 1, 3, 4, 5, and 6. The situation is certainly sufficiently critical to necessitate our being ready to act almost instantaneously in the event of further Soviet aggression. It is highly desirable that the action we take be joint or common action with the U.K. It seems to me the time has passed for being content with general statements about "common action" and "appeal to the Security Council." General Bradley did not hesitate to discuss the question of the kind of machinery we would need as an equivalent to the Combined Chiefs of Staff in World War II; it would seem to me that combined advance planning on detailed actions is equally feasible and necessary. In this connection it may be worth noting that Lord Tedder repeatedly pressed for frank exchange of information between our military mission in Turkey and their military attachés. He indicated that our officers are advising the Turks on strategic plans but the British, while given a primary responsibility in the area, are not told anything about this and are ignorant of the Turkish strategy. For some reason which I could not fathom, General Bradley persistently declined to commit himself to closer cooperation on this point.

Philip C. Jessup

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[5] Documentation on the status of Berlin and the High Commissioners' discussion of the German police question is scheduled for publication in volume IV.

[Attachment]

Agreed United States–United Kingdom Memorandum of Discussions on the Present World Situation [6]

TOP SECRET [WASHINGTON, July 25, 1950.]

U.S./U.K. DISCUSSIONS ON PRESENT WORLD SITUATION

1. Following is a summary of discussions held in Washington between July 20 and July 24, between General Omar N. Bradley and Ambassador Philip C. Jessup, representing the United States, and Sir Oliver Franks and Lord Tedder representing the United Kingdom. Mr. Charles W. Yost, Colonel L. K. Ladue, Mr. M. E. Dening, Major General Redman and Captain R. D. Coleridge, R.N.[7] were also present.

Terms of Reference

2. The conversations were purely exploratory and involved no commitments by governments. It was understood that there would be no definitive or detailed discussion of areas in which third parties have a primary interest.

FAR EAST

3. The U.K. representatives emphasized the importance which their government attached to avoiding any further major involvement of Western forces on the Asiatic mainland. They therefore expressed the hope that any new conflicts which might break out in the Far East might be localized and not be allowed to develop into general war, either with the Soviet Union or with Communist China. The U.S. representatives agreed as to the desirability of this objective but pointed out certain possible cases of aggression, as noted below, which it might be difficult or even impossible to localize.

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[6] No agreed memorandum was found attached to Jessup's memorandum. However, the source text was found in the Conference Files in the folder containing Jessup's memorandum and apparently is the agreed memorandum under reference. Three earlier drafts of the agreed memorandum have been identified. The first two are dated July 23 and bear the indicators "Yost–Ladue Draft" and "Capt. Coleridge's Draft" respectively. The third, which was discussed at the final meeting of the representatives on July 24, bears the indicator "Final Memo." Except for "Capt. Coleridge's Draft" which is far more extensive in detail, the other drafts are similar in substance to the source text. Copies of all three are in the Conference Files: Lot 59 D 95: CF 32.

[7] Col. Laurence K. Ladue, Deputy Secretary, U.S. Joint Chiefs of Staff; Sir Maberly E. Dening, British Assistant Under Secretary of State for Foreign Affairs; Capt. Richard D. Coleridge, R.N., Secretary, British Joint Service Mission; Maj. Gen. H. Redman, Director of Military Operations, British War Office.

Chinese Communists

4. The U.K. representatives particularly stressed the advantages of localizing any possible conflict between the U.S. or the U.K. on the one hand and the Chinese communists on the other; first, for the reason set forth in the preceding paragraph and, second, in order that a possible gradual drift of the Chinese communist regime away from Moscow might not be interrupted.

5. It was agreed that further study should be given by the U.S. and the U.K. to the question whether an overt large-scale involvement of the Chinese communists in Korea or a large-scale Chinese communist attack on any other state or territory should, as being indicative of a Soviet intention to force the issue, be considered as raising the immediate question of general war.

Korea

6. The U.S. representatives stressed the political and military importance of the contribution of ground forces to the campaign in Korea by as large a number of nations as possible. They pointed out, on the military side, that the campaign would presumably last for some months and that it was important that, when the counteroffensive was undertaken, it be carried out with very strong forces in order that the North Korean army could be destroyed to the maximum extent possible before our forces reach the 38th parallel. The U.K. representatives declared that they had not hitherto considered that any forces which they might be able to contribute could reach the theatre of operations in time to be used. In light, however, of the statement by the U.S. representatives that the campaign would be long and that very considerable land forces would be needed, they would represent to London the points made by the U.S. representatives.

7. The U.S. representatives expressed the view that careful study should be given to the question of the eventual solution of the Korean problem, particularly what will happen when UN forces reach the 38th parallel and what forces will remain in Korea after the end of hostilities. They indicated that this would be a question for consideration by the UN.

8. It appeared to be the view of both U.S. and U.K. representatives, as an exception to the general proposition stated above, that, if Soviet forces should interfere overtly on a large scale in Korea, this action would raise the immediate question of general war. The U.S. representative made it clear that they had no intention of fighting a major war in Korea. Should war occur, it was their intention to fight in accordance with our agreed over-all strategy.

9. It was agreed that further study should be given to the question of whether or not overt intervention of the Chinese communists in

Korea should also raise the immediate question of general war. The U.K. representatives were inclined to consider such an intervention by the Chinese communists unlikely since the Chinese would not act solely at Soviet direction unless they gained some material advantage to themselves. The U.S. representatives, however, believing that Peiping is at the present time under very strong Kremlin influence and that the Kremlin might wish to involve the Chinese communists in hostilities with the West, considered such a possible involvement less unlikely.

Formosa

10. The British representatives expressed a strong hope that any hostilities arising from a Chinese communist attack on Formosa would be localized. The U.S. representatives replied that it is their desire and intention that any such hostilities be localized. In view of the character of the President's statement of 27 June,[8] there was reason to believe that there would be no invasion of the mainland in connecnection with a Communist attack on Formosa. The U.K. representatives stated they were in full agreement with this intention to localize any such hostilities.

Hong Kong

11. The British representatives stated that their forces in Hong Kong are adequate to resist internal disturbances or a small-scale attack from without, but they are not adequate to hold off a full-scale attack by the Chinese communists. Should such an attack occur, it would presumably lead to an appeal to the UN, but nevertheless the U.K. representatives would hope that the hostilities might be localized.

Macao

12. It was considered that action could not be taken to assist the Portuguese in case Macao were attacked. The U.K. representative stated that they have already intimated to the Portuguese that the U.K. would not be able to assist in these circumstances.

Philippines

13. The U.S. representatives pointed out the fact that the U.S. occupied naval and air bases in the islands. Elsewhere in the discussions it was brought out that the Philippines constitute the southern end of the U.S.–Japan–Okinawa–Philippine stopline.

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[8] For the text of President Truman's statement of July 27 in which he had "ordered the Seventh Fleet to prevent any attack on Formosa" and had called on the Chinese Government on Formosa "to cease all air and sea operations against the mainland," see Department of State *Bulletin*, July 3, 1950, p. 5.

Indochina

14. It was understood that the U.S. and U.K. would assist the French to the extent of their abilities in case of a Chinese communist attack, but the probability would be great that neither could provide forces for this purpose. There was no further discussion of the Indochina problem in the absence of the French, though further tripartite discussions were considered to be necessary.

Burma

15. It was understood that neither the U.S. nor the U.K. could provide forces to Burma in case of attack and that it is unlikely, though not impossible, that India or Pakistan would do so. In regard to action to be taken it was understood that the U.K. would take the initiative.

Malaya

16. The U.K. representatives said that they did not expect to be able to reduce their forces in Malaya during the next twelve months but hoped to do so after that time. It was generally agreed that an early and favorable resolution of the Korean situation would have a salutary effect on the Malayan problem.

Siam

17. It was generally agreed that Siam would bend with the wind.

Japan

18. Interest was expressed by both parties in proceeding with joint preliminary political discussions of the Japanese peace treaty at a relatively early date.

Afghanistan

19. It was agreed that Afghanistan could not be effectively assisted in case of invasion by the Soviets.

MIDDLE EAST

20. The British representatives pointed out the difficulties, considering the forces now available, of their assisting, other than to a certain extent with air forces, in the defense of the outer ring of the Middle East, that is, primarily Iran and Turkey. In spite of the fact that the loss to the Soviets of either of these countries might have a fatal effect on other countries, such as Iraq, the U.K. would be obliged, in case of general war, to concentrate on the defense of the inner core which is centered in and about Egypt. They stated that satisfactory agreement with Australia, New Zealand, and South Africa was now in prospect for the use of Commonwealth forces in the Middle East in case of war, subject of course to final approval by governments at the time. The United States Representative recalled the common

view expressed in previous U.K.–U.S. conversations that in this area the U.K. would take the initiative in regard to any action which would be taken. The U.K. Representative, while not dissenting from this view, expressed the hope that the U.S. would give consideration to what further steps it might be able to take in case of need.

Iran

21. The U.K. representatives emphasized the vital importance of Iran in the entire Near East strategic picture and stated the view, both that they consider there is risk of a Soviet attack on Iran, and that such an attack would infringe a stopline. It was agreed that an overt Soviet attack on Iran would raise an immediate question of general war. While the U.S. pointed out that the defense of Iran must be primarily a British responsibility, it was agreed that the U.K. and the U.S. should consult together in regard to a means of meeting this problem.

22. The U.S. and U.K. should, insofar as possible, assist the Iranian Government to strengthen its position and should consider what steps should be taken in the event of an uprising in Azerbaijan or a *coup d'état* by the Tudeh Party. It was agreed that the U.S. and U.K. should study the question of whether the loss of Azerbaijan alone to the Soviets would be fatal, and at exactly what point in Iran the stopline should be laid down.

23. The question of demolition of Iranian oil wells in case of Soviet attack was discussed and the U.K. representatives stated that their government is examining ways and means of dealing with this matter.

Turkey

24. It was agreed that the only serious threat to Turkey is an overt Soviet attack and that such an attack would raise an immediate question of general war. The view was expressed that the Turks could deal with an attack by Bulgaria alone but that this matter should receive further study. It was pointed out that, since France as well as the U.K. has a treaty of alliance with Turkey, these questions should be discussed with the French.

EUROPE

Greece

25. It was agreed that urgent study should be given to the question as to what action could and should be taken in case of a Bulgar attack on Greece. It was understood that, in case of renewal of the civil war, aid to the Greek Government along the present lines should be increased. It was further agreed that the U.S. and U.K. should support maintenance of UNSCOB observation along the northern Greek frontier at full strength.

Yugoslavia

26. It was the view of both U.S. and U.K. representatives that an attack on Yugoslavia by satellites or even Soviet forces would *not* raise the immediate question of a general war. In case of an attack, military and other equipment would, insofar as feasible, be supplied to the Yugoslavs but no forces would be sent there.

Trieste

27. The view was expressed that a successful attack on Yugoslavia would raise a question as to whether U.S. and U.K. forces should be withdrawn from Trieste. This question would have to be examined from both the military and political point of view.

Austria

28. It was understood that an attack on Western forces in Austria by the Soviets would mean war. The possibility of a blockade of Vienna was also considered.

Germany

29. The U.K. representatives expressed the view that a threat to Berlin should be placed at the top of the list of danger points. It was agreed that urgent study should be given to the capability of allied forces in Germany to resist an attack, either on West Germany or on the western sectors of Berlin, by East German paramilitary forces, as well as to whether such an attack could be successfully resisted without involving the Soviets. This danger also emphasized the importance of taking prompt measures to strengthen West German police forces. It was pointed out that this problem is being studied by the three High Commissioners in Germany but that the French have so far been reluctant to agree to the necessary measures.

30. It was agreed that in case of renewal of the Berlin blockade there should, for political reasons, be a prompt reaction, in the form of reestablishment of the air lift, even though on the reduced basis which present commitments elsewhere would make necessary. The view was expressed that an attempt to supply Berlin by surface convoy would not be successful. However in view of the vital importance of holding Berlin, it was agreed that the possibility of resorting to convoy should be reexamined.

Finland

31. It was not anticipated that in case of an attack by the Soviets action would be taken to assist Finland.

Sweden

32. The view was expressed that an attack on Sweden would be likely to result in general war, in view of the effect of such an attack on two NAT states, Norway and Denmark.

GENERAL TOPICS

33. The United States representatives noted in regard to the foregoing detailed analyses of specific cases that basic policy considerations should not be overlooked in estimating immediate capabilities. Basic policy requires that aggression anywhere should be resisted; capabilities at any given moment may determine the kind of resistance and its staging. They called attention to the President's statement to Congress that "new recourse to aggression in the world today might well strain to the breaking point the fabric of world peace". The present aggression in Korea and the implications of Soviet policy inherent in it, already require not only joint planning regarding other danger spots but also actual vigorous steps to increase rapidly the capabilities of both the United States and the United Kingdom and other free countries to meet possible further cases of aggression. If any further major aggressive moves develop anywhere, it will, in the view of the U.S. representatives, be necessary for all immediately to intensify further their general preparations since the risk of total war would be greatly increased.

Soviet Intentions

34. The U.S. representatives stated that they were *not* in agreement with the view expressed in a British intelligence estimate that the Soviets would not be prepared to engage in general war before 1955. On the contrary, U.S. representatives felt that they might be so prepared by 1952, or even earlier, and that prior to that time they would probably attempt to cause the maximum difficulties short of general war. The U.K. representatives explained that they did not feel that the Soviet Union could not or indeed might not start a war before 1955 but rather that 1955 onward was the period when the Soviet Union would be most likely to take serious risks of provoking a major war. In view of the divergence on this most important question it was agreed that the intelligence teams of the U.K. and U.S. should meet forthwith to discuss this matter and attempt to arrive at an agreed paper on the subject.

35. The U.K. representatives then drew attention to the importance of the two countries agreeing on an over-all global strategy. It was agreed that following the intelligence conference it would be desirable for the U.K. and U.S. Chiefs of Staff to meet in order to discuss this over-all problem. The U.S. representatives pointed out that the U.S. Chiefs of Staff might visit unified commands in Europe later this year and that an opportunity might then be found to visit London for the above-mentioned discussions.

Higher Direction in War

36. The U.S. representatives expressed the view that the problem of higher direction in war should be examined. In the present circum-

stances it might be thought that the standing group of the North Atlantic Treaty Organization should assume the responsibility in war, though it was pointed out that in order to do so it should undergo a definite change in character in order to have the appropriate representation. The U.K. representative stated that the thoughts of the British Chiefs of Staff were almost exactly the same but care should be exercised not to offend the sensibilities of the Canadians and others.

Deception Planning

37. The U.K. representatives stressed the immense value of deception planning in the last war. It seemed vitally important that British and American policy in this field should be carefully coordinated in order that the one might not cancel out the other. It was agreed that the Cover and Deception representatives of the two countries should meet in order to exchange views.

Propaganda and Psychological Warfare

38. The importance of coordinating U.S. and U.K. policies in these fields was pointed out. It was noted that Assistant Secretary Barrett had already discussed these matters with the appropriate U.K. authorities in London and it was agreed that close coordination along these lines should be continued.[9] It was also noted that the NAT deputies are charged with concerting policies in these fields insofar as NAT matters are concerned.

[Subattachment]

TOP SECRET [WASHINGTON, July 25, 1950.]

ACTIONS TO BE RECOMMENDED[10]

1. A comprehensive study of the effects of overt large-scale Chinese communist intervention in Korea or attack upon any other state or territory, particularly with a view to determining whether or not such intervention or attack could be localized or would lead to general war.

2. An examination, within the UN framework, of the eventual disposition of the Korean problem, including the maintenance of UN

[9] A reference to the talks of Edward W. Barrett, Assistant Secretary of State for Public Affairs, with Christopher Warner, British Assistant Secretary of State, concerning cooperation between the British and U.S. information services during the London Foreign Ministers meeting.

[10] Attached to Jessup's memorandum was a two-page list containing 13 items for further study. In addition to the eight listed below it included the following topics: a discussion of Indochina with the French, consultations on the Japanese Peace Treaty, Turkish capabilities of dealing with an attack by Bulgaria, withdrawal of Allied forces from Trieste in case of a successful Soviet or satellite attack on Yugoslavia, and consultations on propaganda and psychological warfare. (Conference Files: 59 D 95: CF 32)

forces in South Korea, possible reoccupation of North Korea by the Soviets, and the problem of ultimate unification of the country.

3. An examination of the whole Middle East problem, covering both political and military aspects, without prejudice as to what nations should provide the forces required in the various eventualities.

4. An urgent study of the Iranian situation in order to determine where a stopline should be laid down, what forces might be utilized in the area in case of a Soviet attack, and where those forces might be obtained. This study should include the problem of conservation or denial of the oil areas in the event of Soviet invasion.

5. A study to determine the capability of allied forces in West Germany and in the western sectors of Berlin to withstand an attack by the East German forces. Such study should include an estimate as to whether such an attack could be successfully resisted without involving the Soviets.

6. A study of the capability of Bulgarian forces, without Soviet participation, successfully to invade Greece and defeat the Greek Army. This study would involve a determination of what assistance could be given to Greece in case of such an attack.

7. A planned Joint Intelligence conference with the object of arriving at an estimate on Soviet capabilities and intentions, to be followed, if appropriate, by a meeting between the U.K. and U.S. Chiefs of Staff for discussions in regard to global strategy.

8. A conference between U.S. and U.K. military representatives concerned with the problem of cover and deception to be held in Washington.

Note: Details concerning the manner and timing of any consultations or conferences on the foregoing matters will be arranged through the usual channels.

IV. Political and Economic Relations, August–October

741.5/8–250 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET NIACT LONDON, August 2, 1950—midnight.

723. 1. August 1, Embassy–ECA mission working party on UK defense expenditures met British Government working party headed by Plowden, chief planning officer, to discuss preliminary information re British plans for additional AMP expenditures required by Depcirctel July 22, 1 a. m.[1]

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[1] *Ante*, p. 138.

2. Plowden orally outlined following British program which, he said, reflected effort minimize economic dislocations and assumed ultimate objective of "peace, not war"; UK planned spend through British FY's 1953—£100 million publicly announced by Shinwell,[2] £100 million for increased military pay and other purposes designed improve technical proficiency forces, £90 million for civil defense, and £800 million on additional military production, plus construction one and one-half million tons merchant shipping if required.

3. Plowden gave following estimate contemplated budget for total military expenditures under program for remainder current British FY and next three FY's: £824 million, £1075 million, £1133 million, £1192 million. He said program could be accomplished only on assumption of continued ERP assistance at presently calculated levels for remainder this year and next year, plus US aid amounting to dollar equivalent of between £550 million and £600 million over program period. He estimated £200 million of US aid would be used for dollar imports required for AMP and remainder available as free dollars unexpended portion of which could accrue to reserves available for later use to off-set obligations resulting from adverse trade balance expected result from AMP effort.

4. At meeting Embassy representatives stressed importance of receiving program officially soonest for use Congressional hearings. Plowden indicated official memo containing program would be delivered Embassy within 24 hours but said statement might be divided in two sections, one available for Congressional use, the other restricted to use US executive agencies only.

5. At 4 p. m. August 2 Embassy notified that "first" British memo "designed for public dissemination" was available. At 5 p. m. Embassy–ECA working party was handed memo, full text of which contained in immediately following telegram.[3]

6. Plowden said government considering release memo to British press August 3 morning.

7. Embassy representatives explained importance withholding release until memo could be used in Congressional hearings and Plowden agreed recommend to PriMin that release time be early August 4. Embassy representatives expressed astonishment over preparation memo for public dissemination. Plowden stated second British memo containing top secret details re defense program would be handed Embassy within 24 hours but information therein could be used only by US executive agencies.

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[2] Emanuel Shinwell, British Minister of Defense.
[3] Telegram 724, August 2, not printed (741.5/8–250).

8. Embassy representatives expressed serious doubts concerning advisability publication official British memo particularly in view indication in memo that no increase in size armed forces contemplated and in view specified amount US aid required to enable UK accomplish program. Plowden stated that both advisability of public release and nature of contents of memo had been carefully considered and decided at Cabinet meeting August 2 and said change in plans or wording of memo impossible.

9. Convinced of inadvisability public release this memo I called on PriMin this evening and urged him reconsider decision. I expressed opinion that memo contained four points likely to cause seriously adverse repercussions among members US Congress and public and in other NAT countries:

(*a*) Intimation in memo that UK contemplates no quantitative increase in armed forces and lack of any indication that organizational improvements or increased percentage of regulars to improve condition of combat readiness is planned;
(*b*) Indication that accomplishment defense effort of scope stated in memo completely dependent upon very large volume US aid;
(*c*) Request for substantial US aid in form of free dollars, portion of which could be used to increase reserves;
(*d*) Obvious attempt to condition accomplishment of program on advance US guarantee of financial aid over three-year period.

I emphasized that in previous talk with Attlee following receipt reftel I requested information specified in paragraph 4 reftel [4] before August 4 and stated information desired for use in presenting US program to Congress. I reiterated opinion that publication memo in present form might have grave consequences and again strongly recommended abandonment plan release memo for publication.

10. At first Attlee endeavored argue that my concept of meaning of memo was erroneous. He finally abandoned that line but insisted that as memo reflected Cabinet decision it could not be changed and would be released for publication. Despite my continued efforts to alter his decision he remained firm to conclusion of interview.

11. I have arranged to discuss matter again with Makins,[5] FonOff tomorrow morning August 3 and may again approach Attlee if I feel his present attitude can be changed.

I shall report results to Department tomorrow. Meanwhile I earnestly request Department not use memo outside Department and closely restrict Departmental circulation. If present British policy

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[4] In paragraph 4 the Department of State had requested a statement of "nature and extent of increased effort, in terms of increases in both forces and military production. . . ."

[5] Sir Roger M. Makins, Deputy Under Secretary of State for Foreign Affairs.

unchanged I shall advise Department confirming time of release here so Department can use memo at committee hearings if considered desirable do so. Until I inform Department further any leak of contents of memo would be most unfortunate. I understand memo has been telegraphed to Franks for information purposes.

12. Although I am not hopeful of success, shall use best efforts to bring about alteration and/or improvement in British response.

DOUGLAS

741.5/8–350 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, August 3, 1950—7 p. m.

746. For Perkins and Secretary's information.

1. At the conversation Baldwin [1] and I had with Attlee, Gaitskell and Makins at noon today in regard to contemplated statement to be issued to the press regarding Britain's increased defence effort and American assistance. I vigorously argued that reference to the 550 million pounds assistance from US and free dollars should be deleted from statement. While I understood that British program was related to the amount of American assistance which might be forthcoming and even to free dollars, this was a matter which should be communicated from one government to the other but for which there was no necessity for publicity. Publicity might be injurious. After considerable discussion I suggested that the statement contain some language to the effect that the extent of the increased British defence effort was related to the amount of assistance which, subject to Congressional approval, the US Government might extend and also to the form in which the assistance was given. Gaitskell said that while he would not commit himself to the deletion of the reference to free dollars, [apparent omission] the idea which I had presented and the argument he would like to consider. Moreover, he said that he and Makins would talk with us later in the day about the specific language necessary to give expression to this idea. I therefore gained the very clear impression that Gaitskell had accepted the idea and would be willing to delete both the reference to the sum of American assistance as well as reference to free dollars.

I understand from George Perkins that Franks told you and Harriman that HMG would not agree to the deletion of reference to

[1] Charles F. Baldwin, United States Counselor of Embassy for Economic Affairs.

free dollars and that accordingly you accepted the language in regard to it.[2]

What British have apparently done is either not to have informed Franks of the results of my conversation with Attlee, Gaitskell and Makins, or, what is perhaps more likely, they have tried to run around us here in the hopes, which have been justified, that they could get a better deal out of you. This is a triple threat—kick, pass and run.[3]

DOUGLAS

[2] A memorandum of Franks' conversation with Secretary Acheson, Perkins, Harriman, and H. Freeman Matthews, Deputy Under Secretary of State, not printed, is in file 741.5/8–350.

[3] For the final text of the British statement on additional military efforts, see the *New York Times*, August 4, 1950, p. 5.

741.5/8–950 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, August 9, 1950—11 p. m.

820. 1. Following, except last paragraph, is Emb/ECA mission, service attaché analysis of Top Secret British memorandum re additional defense expenditures (Embtel 758, August 4, repeated Paris 215, Rome 56, Brussels 38, Hague 39, Copenhagen 30, Oslo 24[1]). I agree with it and add my comments in paragraphs 12 and 13.

2. We believe a basic factor in British approach to rearmament effort is oral statement of Plowden at first meeting with Emb/ECA working party (reported Embtel 723, August 2) that ultimate objective of program is "peace not war" and similar assumption stated in paragraph 3 British memorandum. While this unobjectionable in principle we feel British planners have defined it as a mandate to develop rearmament program with strong "business as usual" flavor and lacking balance essential in fully adequate program.

3. British planners and Cabinet undoubtedly seized with alacrity Department's recognition (stated in paragraph 7 Deptcirctel July 22, 1 a. m.) of importance of continued economic recovery and have produced program involving minimum economic dislocations. It seems clear from paragraph 3 of British memorandum that current HMG thinking contemplates little interference, by expanded defense pro-

[1] Not printed; it transmitted the text of the top secret British memorandum on additional defense expenditures (741.5/8–450). The original copy of the memorandum, handed to Baldwin by Plowden at 5 p. m. on August 4, and an annex containing a copy of the British statement released to the press on August 3, were transmitted as enclosures to despatch 826. August 17, from London, not printed (741.5/8–1750).

gram, with economic recovery efforts. We recognize, however, that this and other aspects of program may be only "asking price" to establish bargaining position (a poisonous idea).

4. The requirement of substantial US aid, assured in advance and provided on current basis, reflects admitted British determination to prevent, if possible, recurrence of accumulation of external liabilities which UK experienced during last war. While this objective is understandable and desirable, we believe British program is below level attainable without serious adverse economic impact and is inadequate for present and foreseeable future needs.

5. Program in present form, with almost exclusive emphasis on material rather than balance between sufficient equipment and rapid development of larger more effective combat forces, would be of questionable adequacy even on basis of hazardous assumptions that (*a*) major war is improbable for several years, (*b*) defense preparations on this scale will be effective deterrent to Soviet aggression; (*c*) development of major emergency will be sufficiently gradual to enable UK transform training forces and reserves (other than meager strategic reserve) into effective combat units. These assumptions are naturally more acceptable to HMG than more stern criteria which, according to British view, would force UK to shoulder heavier defense burden necessitating reimposition of measures whose relaxation British public is just beginning to enjoy. Unless the assumptions are acceptable to us, however, efforts by US will be needed to persuade HMG that further steps to strengthen defenses are unavoidable and wholly necessary.

6. Despite comments in paragraphs 4 and 5 of British memorandum conveying impression that British armed forces, including general reserves, and existing training program are effective enough, the fact remains that the present troop strength of British military forces is wholly inadequate to meet domestic and foreign requirements and current NATO commitments. Despite low combat effectiveness of British forces and gravity of current situation British have no plans now to increase number of combat-effective units on troop basis. While planned expenditure of pounds 100 million for increased service pay and related expenditures will presumably raise service morale, it is too early to predict effect on recruitment to prevent run-down of military personnel strength. Conscripts form approximately 50 percent of forces in being. Their 18 months duty tour may be too short to permit assimilation of both individual and unit training and employment overseas for worthwhile period. But the present real deficiency is in regulars. Another 70,000 to 100,000 regulars and blowers [*reserves?*] would enable British so to reorganize available personnel as to have

several divisions and at same time to receive and train national service men. Long period required to prepare one brigade group for action in Korea points up absence of ready forces and accentuates problems that will persist under current policies governing military service which are essentially peace-time policies. Recruiting program for naval personnel is somewhat more effective.

7. It is our considered view that British program can be accomplished without reduction in domestic, non-military uses of resources including civilian consumption since probable annual increase in production should be more than enough to cover maximum annual proposed increase in military expenditure. British assume great inflexibility in use of resources. Basic British argument is that equipment must come from industries producing for export or domestic investments, that production for those purposes cannot be appreciably expanded because of labor shortage, and that increased military production therefore reduces exports and results in balance of payments deficit for which heavy US aid is required. We believe this argument weak in several respects.

8. While rigidity in labor mobility is real obstacle to expand production in industries which will bear brunt of expanded defense program, we believe British memorandum unduly stresses importance this point. We believe substantially greater flexibility can be introduced into British economy by appropriate measures. Increase of 250,000 workers in affected industries over program period without compulsion certainly seems possible under circumstances where industries concerned already have labor force of over 4 million and no serious non-pecuniary obstacles to labor recruitment exist such as are present in coal industry. British economic survey 1950 cites 4½ million job placements in 1949 as indicating "considerable movement of labor". Rapidly rising productivity in UK should make possible selective wage increases so that significant relative wage changes as incentive to labor movements could occur. It would be desirable to have selective wage increases without general wage rise, but if only latter is politically feasible the benefits derived from a significant increase in the supply of needed labor may be worth the resultant inflationary pressure. Even if political obstacles to reallocation of labor are accepted as effective bar to increased production in these industries (and this influence may decrease appreciably as public sense of urgency increases) cuts in domestic investments rather than in exports appear possible. Effect of such cuts on rate of expansion in national output should not be severe, particularly if cuts made in investment items contributing least to industrial production. Inflation-

ary effects on increased military expenditures would then be offset automatically with little adverse effect on balance of payments.

9. British program contemplates charging to budget no more than pounds 950 million per year beginning 1951/52 against total military program of pounds 1070 million, pounds 1135 million, pounds 1195 million between 1951/52, 1953/54 inclusive. Clear implication is that British now contemplating part of military expenditures to be financed with sterling accruing to government as counterpart of requested US aid. Working party discussions with British indicated that amount of dollar aid requested was originally determined as representing difference between pounds 950 million figure of annual budgetary burden which UK economy judged capable of bearing and total value of military program planned. Do not believe that British likely continue to stress this budgetary justification in attempt to support request for pounds sterling 550 million equivalent in dollar aid since this would be well received. They will more likely emphasize type of balance payments analysis suggested earlier part of telegram. Subsequent paragraphs express our view that pounds sterling 950 million per year need not necessarily represent maximum defense budget.

10. British fiscal 1950/51 with pounds sterling 824 million for defense (British figure) should allow for approximate overall budget balance. Assuming pounds 950 million level of defense expenditure included in budgets each of three years following fiscal 1950/51, plus pounds 40 million for civil defense, and assuming fiscal policy of approximate overall budget balance, we find that:

(*a*) Re taxation:

(1) British need not increase present rates of taxation to finance increased defense program with balanced overall budget;

(2) In fact, in fiscal 1952/53 and 1953/54, rates of taxation could probably be reduced—to yield same level of revenue as in 1951/52 since tax base will increase with rising national income;

(3) If present rates of taxation maintained over program period, we expect approximate overall budget balance in 1951/52, and surplus in following two years.

(*b*) Re civil expenditures, contemplated increased military expenditure and balanced budget would:

(1) Require no reduction of existing program of social services (education, health, insurance, and cash benefits), and in fact allow for increase in expenditure comparable to growth in population;

(2) Necessitate no large cut in subsidies (e.g. a 6 percent cut in 1951/52 and 1952/53; and no change in 1953/54, compared with 13 percent cut this year);

(3) Involve some decrease in central government expenditures for housing below present level (about 8 percent cut in 1951/52, and constant thereafter);

(4) Include expected continuation of postwar decline in expenditure for terminal war charges and war damage payments;

(5) Involve not much change in total of other civil expenditure, after allowing roughly 2 percent annual increase for government salaries.

11. At meeting with British Government working party, members US working party referred to probable complications resulting from British insistence (paragraph 13 of memorandum) on assurances that part of "free dollars" (for definition of "free dollars" see Embtel 786, August 8 [2]) provided by US could be held as sterling area reserve to offset increased sterling liabilities. While recognizing technical difficulties which this would cause, British officials insisted that right to use dollars for that purpose was essential.

12. Concluding, British memorandum expresses UK determination to make "greatest possible contribution" to common cause and willingness make maximum diversion resources to wartime production that is physically possible short of placing nation on wartime footing. I do not believe that British program implements those expressions. I believe that amount and form of US aid requested is excessive for a program limited to production and not reflecting proper balancing of need both for material and for modest increase in an organization of effective forces to use that material. I believe serious consideration should be given to the risk inherent in premature acceptance or even tentative acceptance British program until careful US Government decision on this basic point has been reached. In my judgment most effective official US attitude at present would be to consider British program as preliminary indication of intentions and to concentrate on persuading HMG to recognize importance of striking balance referred to and planning such additional increases in defence production as US considers essential for both UK and for NAT collective forces. Amount and nature to be offered would be conditioned to British willingness to meet this position. Presume there will be careful integration of ECA assistance with MDAP assistance and adequate consideration of possible effects of increased US stockpiling to determine real British need for US aid and to prevent pyramiding of that aid.

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[2] Not printed; it reported that Gaitskell and Attlee defined the phrase "free dollars" to mean "dollars that can be expended by HMG without prior consent or supervision of the US or even post accounting anywhere in the world, or alternatively that can be put into the reserves for the sterling area." (741.5/8–850)

13. In view comments herein and plans for Department's presentation at Senate hearings (indicated Depcirctel August 8, 6 a. m.[3]) where small amount additional British expenditures contemplated for fiscal year 1952 will be clearly apparent, Department may wish to instruct me to talk again with Attlee.

14. In reply to Depcirctel August 8 Embassy will indicate ratio between amount US aid requested by British and (*a*) contemplated British expenditure on additional defense production and (*b*) contemplated total additional British defense expenditures.

15. This appraisal does not view program in light of technical regional aspects which will probably strengthen many points made above. Bonesteel[4] feels France and other NAT countries will use adequate British program as excuse for weakness of their defense efforts and that present low level of combined programs will seriously jeopardize NAT objectives. He concurs in analysis and my comments. Kenney,[5] MA, NA, Air Attaché, Breithut,[6] MAAG (UK), chairman Military Supply Board, concur.

Sent priority Department 820, repeated info Paris 216, Brussels 39, Rome 57, Hague 40, Copenhagen 31, Oslo 25.

DOUGLAS

[3] Not printed.

[4] Lt. Col. Charles H. Bonesteel, Special Assistant to the U.S. Special Representative in Europe.

[5] W. John Kenney, Chief of the Economic Cooperation Administration Mission in the United Kingdom.

[6] Richard C. Breithut, United States Treasury representative assigned as attaché at London.

741.5/8–850 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET WASHINGTON, August 11, 1950—9 p. m.

790. For Douglas. Leslie Rowan, in conversation Matthews Aug 9 made interpretation contained Embtel 786[1] clear. Rowan stated that provision "free dollars" as so interpreted and in approx amt indicated by UK was a basic assumption of whole UK proposal. In response to question as to whether US accepted this basic assumption, Matthews replied that we were not yet prepared to accept this assumption either with respect to provision of free dollars as such or as to amt stated; that we were considering this assumption; and that further

[1] Not printed, but see footnote 2, p. 1677.

discussions thereof would undoubtedly be necessary. In response to further question whether US cld, under present legis, legally provide free dollars, it was indicated that this legally cld be done, but only thru mechanism of off-shore procurement, and no decision has been made as to extent to which, if any, controls might be imposed on use of dollars provided thru such off-shore procurement. It was also made plain that dollars cld not be provided under existing law on a straight grant basis and that we did not at this time contemplate seeking, and could not in any event expect obtain during present Cong session, an amendment which wld permit aid in such form. Ways in which off-shore procurement might accomplish somewhat same objectives were however spelled out. It was further pointed out that techniques which we proposed employ in months immediately ahead to assist in increase of Eur production, namely off-shore procurement and expanded AMP, might well prove inadequate and inapprop for solution over any extended period of the problems involved and that we were considering, and wld continue to consider, both within our own govt and in connection with activities of DFEC, all alternative methods by which US assis might best be utilized in this effort. This consideration, coupled with experience over the next few months, wld indicate what methods would be best and whether further legislative authority wld be required in order fully to implement them. Exec Br had already indicated that if addit legislation appeared desirable, it wld be sought at first opportunity. For time being it was felt, particularly in view urgency obtaining $4 billion before Cong adjournment, that methods of assistance available were adequate, provided other nations wld make necessary effort, to get accelerated defense measures required under way.

Rowan stated that since entire UK proposal based on assumption that US wld transfer to UK dollars qua dollars without any strings and in approximate amt suggested, and not thru off-shore procurement or in form of assistance in the procurement of production equip, materials or components required for increased milit production, his govt might have reconsider its entire proposal.[2]

ACHESON

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[2] In a subsequent telegram, Douglas was informed that Rowan had "urgently requested" an official reply to the two British notes on additional defense measures, reitreating "that both size and composition of UK program dependent upon US aid of type requested and upon amount of aid." (741.5/8–850) The question of additional military efforts by the British then became part of the more general question of additional military production by the NATO countries and was discussed by the NATO Council deputies. For documentation on their discussion, see pp. 1 ff.

741.13/8–2650

Memorandum by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET [WASHINGTON,] August 26, 1950.

The Secretary had dinner last night with Sir Oliver Franks. During the course of the conversation, Sir Oliver said that Mr. Bevin had put up as a matter of great urgency to him the question of having Mr. Attlee come to the United States for conversations with President Truman. Sir Oliver said that he had told Mr. Bevin that he didn't think the suggestion made very much sense, unless we were sure what we had in mind for the two to talk about and were sure that progress could be made if there were discussions. The Secretary said that he agreed with Sir Oliver and pointed out that such a meeting would cause great speculation. People would say that Mr. Attlee was simply coming over for more money, etc. It might also be said that he had come over to influence the United States elections, etc.

The Secretary said that the thinking was that Mr. Attlee would come over before Mr. Bevin returned to the UK after the forthcoming tripartite and NATO meetings.[1] This would mean the last of September. This would be very close to elections in this country which would lead to further confusion. The Secretary said we were all working on many points and so far as Western Europe was concerned that these questions would be considered at the forthcoming tripartite and NATO meetings. He was not clear as to just where the Attlee–Truman conversations would fit in.

Sir Oliver asked if it might be possible to announce that there would be a meeting sometime in the future. The Secretary said he saw no point in saying what we would do until we knew what we wanted to do and could do.

This matter was discussed in a meeting in the Secretary's office at which time Mr. Rusk said that since President Truman was considering addressing the General Assembly, Mr. Attlee might come over here for the same purpose.

Since the Secretary reported the above, he has seen Sir Oliver Franks again. He said that he told Sir Oliver we had had a brief discussion about this matter but that he was a little puzzled as to exactly what Mr. Attlee wished to achieve by his visit. He said that if the Prime Minister wanted to really get lined up in detail with the President on the primary problems facing Europe, there would be no point, as the President would have only the very broad concepts

[1] For documentation on the tripartite Foreign Ministers meetings, September 12–18, and on the fifth session of the NATO Council, September 15–26, both at New York, see pp. 1108 and 1184, respectively.

of what we intended to do within the time available for the visit. Sir Oliver said that there was no connection between the proposed visit of Mr. Attlee and the visit of Mr. Churchill.

With regard to the UN as the reason for the visit, Sir Oliver said that this might have unfortunate repercussions as the papers would all say that it was due to Mr. Bevin's ill health and that Mr. Attlee was coming because Mr. Bevin was not strong enough to carry the load.

Sir Oliver asked if he could report the preliminary views of the Secretary and Mr. Acheson declined to permit him to give these views as he felt we had not had sufficient consideration of the matter. He has agreed to see Sir Oliver on Wednesday (this is on the assumption that MDAP hearings will be Tuesday) at which time this and the Formosa matter will be discussed.[2]

Sir Oliver said that, putting himself in Attlee's place, he thought that Attlee would want to discuss several things. First, he would be interested in the extent to which the US expected to really play a role in the defense of Europe and the fact that it would be something of a breach of tradition to station large numbers of troops on the Continent.

Sir Oliver said that as he saw it, and again in the way he imagined Mr. Attlee saw it, the US and the UK policies were about the same in so far as Europe was concerned. That is, we are willing to back up Europe but not "take over" all of its responsibilities. We are attempting to fit our armament program in with our domestic program without loss of social gains which we have made. In other words, we are both trying to carry through with our domestic goals and have not thus far prepared for the current crisis to an extent which would threaten the continuation of domestic programs. Sir Oliver said he was basing his interpretation of the US on the extent to which we were asking for controls, etc. If his interpretation is correct, the US and the UK are more or less in step, he felt.

Sir Oliver pointed out that Mr. Attlee also heard rumors that we want to treat the UK as a European power and are urging the breaking up of the British Commonwealth. He said that Mr. Attlee would want to be reassured on this.

Sir Oliver said that if a really major effort were to be made to meet the current crisis, the British would be quite concerned about

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[2] On August 31 Secretary Acheson told Franks that he had not as yet had an opportunity to discuss Attlee's proposed visit with President Truman; however, the feeling in the Department of State was that it should be postponed until November. For a copy of this memorandum of conversation, not printed, see the Secretary's Memoranda: Lot 53 D 444. Lot 53 D 444 is a comprehensive chronological collection of the Secretary of State's memoranda and memoranda of conversation for the years 1947–1953, as maintained by the Executive Secretariat of the Department of State. Regarding the Secretary's discussion of Formosa, see vol. VI, p. 473.

the price of primary materials (rubber, wheat, iron, etc.). Sir Oliver pointed out that great increases in prices of these commodities could have a disastrous effect on British economy. He said if we planned a really major effort, Mr. Attlee would want to know what we had in mind as far as joint control boards, etc.

Sir Oliver said that, in his opinion, the time of the proposed visit was not as important as getting a real review of the problems. If we can decide fairly soon that we want such a visit, that would be satisfactory to the British.

Sir Oliver then said that if the UN "cover" for the visit should be used, they hoped that it could be handled in some way which would not be too embarrassing in so far as Mr. Bevin was concerned. Sir Oliver thought that this proposal was worth considering. He suggested that Mr. Truman might send a message to Mr. Attlee and other Heads of State to the effect that he planned to address the General Assembly and inviting the other Heads of State to do likewise. The Secretary said that this might be difficult as far as which Heads of State.

Mr. Matthews was present when the Secretary reported on these meetings. He is anxious to get a copy of these notes as soon as possible.[3]

L. D. Battle

[3] On September 5 Secretary Acheson discussed Attlee's proposed visit with President Truman who "was very clear that a visit at this time would be inopportune." The President thought that Acheson should discuss with Bevin the matters which Attlee wanted to take up with the idea of arranging a visit by the Prime Minister in November "if it seemed necessary." Memorandum of a meeting with the President, not printed. (741.13/9–550)

841.00R/9–2950

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Perkins)

TOP SECRET [Washington,] September 29, 1950.

Participants: Sir Oliver Franks, British Ambassador
Mr. George W. Perkins, Assistant Secretary of State

Sir Oliver was in about other matters today.[1] He talked with considerable length about his personal feeling that the UK should become independent of US aid. The discussion was purely on a personal basis.

[1] A memorandum of Ambassador Franks' conversation with Perkins about the Anglo-American military talks scheduled for the end of October, not printed, is in file 740.5/9–2950.

The important fact is that he told me that he had now decided to take this up with London, and that he had written a first communication to London, in general raising the problem with them. He further said that he felt so strongly about it that he intended to push on the matter and hoped that his view would ultimately prevail.

He said that he hoped we were continuing to think about it. I assured him that we were, although we did not see at all clearly what, if anything, should be done.

611.41/10–1850

Memorandum of Conversation, by the Chairman of the Interdepartmental Foreign Information Staff (Stone)

SECRET [WASHINGTON,] October 18, 1950.

Participants: Messrs. Stone [1] and Frye,[2] Department of State and Mr. Watson,[3] British Foreign Office

Mr. Watson called at Mr. Stone's office for general discussion of the problems and possibilities of liaison and coordination between the State Department and the Foreign Office in the field of information and propaganda.

The discussion was principally concerned with existing organizations in the Foreign Office for the formulation of propaganda policy and the guidance of operations. Mr. Watson also discussed briefly certain key individuals in these organizations, as well as in the Labor and Conservative Party organizations and certain private institutions, who might be most useful to Mr. Frye in the London assignment.

Mr. Watson also expressed the view that the State Department (P) was ahead of the Foreign Office in the use of information and propaganda to influence local opinion in favor of substantive policy objectives, as against the mere report and justification of national characteristics and intentions. This was particularly true, I thought, in the use of formal statements by the President, the Secretary of

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[1] W. T. Stone, Chairman of the Interdepartmental Foreign Information Staff.
[2] W. F. Frye, Foreign Service Officer and Information Liaison Officer in London.
[3] J. H. (Adam) Watson, First Secretary at the British Embassy and Information Liaison Officer in Washington.

State and others to clarify the American position on current questions. However, he said the Foreign Office was conscientiously seeking to develop this type of action in the British Government, and particularly to bring about a new awareness on the part of Chiefs of diplomatic missions and government officials of the functions and usefulness of information activities and to enlist more consistent support of it.

He expressed the view also that the liaison representatives, Mr. Watson in Washington and Mr. Frye in London, occasionally should attend regional meetings of information officers and perhaps make other field trips in order to maintain a degree of personal knowledge of operational problems involved in the policy considerations on which they are advising their Governments.

841.00R/10–2450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET PRIORITY LONDON, October 24, 1950—noon.

2332. Eyes only Perkins or Nitze. On October 21 I discussed with Bissell [1] the decision to make drastic cut in ECA allotment to UK reported Ecato 1347 October 17 (repeated Paris Torep 8906 [2]), and emphasized the following points:

(1) I agreed completely that British economic situation is now at point where dollar aid can and should be scaled down and where excessive US assistance would make it easier for British Government to avoid taking steps, including budgetary non-defense retrenchment, which I consider fundamentally essential to long-range economic stability of UK. In fact I have before suggested UK has been receiving too many dollars from very beginning for her good and ultimately basic solvency.

(2) I believe scaling down and termination ECA aid to UK should not be accomplished by abrupt unilateral action (which might seriously complicate US plans regarding British defense efforts, with adverse repercussions on collective defense program, and have other

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[1] Richard M. Bissell, Jr., ECA Deputy Administrator.

[2] Not printed; it reported that the ECA allotment for the United Kingdom was being cut by $37 million primarily because of the improvement in the British reserve position and the prospect that this favorable trend would continue (841.00R/10–1750).

unfortunate consequences) but only after adequate discussions with British who should be given opportunity make official announcement of reduction or cessation of ECA aid at proper time. Such statement could be interpreted as indicating strength of British position and confirming cooperative aspect of ERP. In this connection I emphasized obvious political implications of so important a move as ending ECA aid to its principal recipient.

Bissell expressed complete agreement with my views. He pointed out the necessity of US executive branch initiating curtailment ECA aid to UK before Congress could properly criticize ECA for unjustified prolongation of aid. He stressed growing sentiment in Congress and elsewhere against continuing aid which was building up British reserves. He indicated that his approach to Gaitskell would be along lines of sub-paragraph 2 above.

On question British reserves I recalled that during protracted testimony on ERP before Congress I had said that it was not contemplated that reserves would be augmented as result US dollar aid.

Bissell's talk with Gaitskell is reported Toeca 1185 October 21 (repeated Paris Torep 1029 [3]). Gaitskell's reaction is not surprising although informed British officials undoubtedly understood that sharp reduction ECA aid was inevitable. Gaitskell's request that Bissell confirm understanding that "we had agreed to re-examine situation jointly looking toward formulation of an amicably agreed position" presumably not only indicated British willingness cooperate in making public announcement of termination ECA aid but implies that scheduled talks between British and ECA mission will also involve possible British eligibility for more ECA aid than $175 million now under allotment.

It is obvious that the situation will require most delicate handling to ensure that it will not develop into political liability. Judicious timing of announcement of termination ECA aid will be highly important and any leaks which would force premature announcement or create distorted public opinion in US or here would be most unfortunate.

Sent Department 2332, repeated Paris 681. Paris pass OSR (eyes only Katz or Wood [4]).

DOUGLAS

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[3] Not found in Department of State files.

[4] Milton Katz, U.S. Special Representative in Europe, and C. Tyler Wood, Deputy Special Representative in Europe.

V. Meetings of the United States and British Chiefs of Staff, at Washington, October 23–26

611.41/10–2350

Approved Summary of Conclusions and Agreements Reached at a Meeting of the Chiefs of Staff of the United States and United Kingdom [1]

TOP SECRET [WASHINGTON,] 23 October 1950.

PRESENT

United States [2]	*United Kingdom*
General Bradley	Marshal of the Royal Air Force The Lord Tedder
General Vandenberg	Field Marshal Sir William Slim
General Collins	Marshal of the Royal Air Force Sir John Slessor
Admiral Sherman	Admiral of the Fleet Lord Fraser
Admiral Davis	Air Marshal Sir William Elliot
Admiral Duncan	General Sir Neil Ritchie
General Gruenther	Air Chief Marshal Sir George Pirie
General Landon	Admiral Sir Cyril Douglas-Pennant
General Lindsay	Captain The Honorable Richard Coleridge
Admiral Lalor	Brigadier C. R. Price
Colonel Ladue	Colonel Street

ITEM 1

It was generally agreed that the basic difference in regard to the timing of Soviet intentions was not too important, if we agree, and we do, that the primary and important task is that both the U.S.–U.K. increase our capabilities vis-à-vis Russia as rapidly as possible.

ITEM 2

With regard to the several questions raised under this heading the following summary of conclusions was made:

Rearmament of Germany. That the question of how much pressure the French Government can stand on the matter of the rearmament of Germany is a delicate one and that the matter should be discussed at the meeting of the U.S. State–U.K. Foreign Office Conference, October 26th.[3]

Forces. It is understood that the United States can make no commitment of forces for the Middle East area, in event of war, although

[1] Neither the agenda nor minutes of this meeting has been found in Department of State files.

[2] General of the Army Omar N. Bradley, Chairman of the Joint Chiefs of Staff (JCS); Gen. Hoyt S. Vandenberg, Chief of Staff, U.S. Air Force; Gen. J. Lawton Collins, Chief of Staff, U.S. Army; Adm. Forrest P. Sherman, Chief of Naval Operations; Rear Adm. Arthur C. Davis, Director of the Joint Staff, JCS; Vice Adm. Donald B. Duncan, Deputy Chief of Naval Operations for Operations; Lt. Gen. Alfred M. Gruenther, Deputy Chief of Staff for Plans, U.S. Army; Maj. Gen. Thomas H. Landon, Director of Plans, U.S. Air Force; Maj. Gen. Richard C. Lindsay, Deputy Director for Strategic Plans, Joint Staff, JCS; Rear Adm. William G. Labor, Secretary, JCS; and Col. Laurence K. Ladue, Deputy Secretary, JCS.

[3] The reference is probably to the minutes, *infra*.

the Strategic Air Command would strike targets which would assist in the defense in this area.

It was agreed that the United States would examine the question of sending a carrier to the Persian Gulf as a show of force in the event of uprising in Iran.

Middle East Area Study. It was agreed that Admiral Carney, General Arnold, and General Evans, together with General Tate as overall Middle East air advisor,[4] representing the United States, would confer with the CINCs Middle East in regard to a determination of capabilities and feasibility of successful operations in this area.

U.S. Chiefs of Staff agree in general with the concept as laid down in the British Chiefs of Staff paper on global strategy, including priorities contained in paragraph 57 of that paper (D.O.(50)45).[5]

Bases. It was agreed that it was desirable to consider the possibility of the United States and U.K. presenting a common front to the Egyptian Government in order to secure necessary base facilities in Egypt. It was further agreed that the matter would be discussed, at the U.S. State–U.K. Foreign Office Meeting, 26 October.

Cold-War Aid. It was understood that the United States would furnish military assistance to Iran but no forces would be committed for this area in the event of war.

Israel. It was concluded that no action should be taken in connection with this country at the present time and that no public discussion should be made regarding its attitude toward the Western or Eastern alignment.

ITEM 3

It was agreed that both the U.S. and U.K. desired to avoid the possibility of a war with Communist China. It was further agreed that General Harding (British) and General Brink (U.S.) should be directed to confer with General Juin (Fr) in order to make a fact-finding report in regard to whether or not the situation in Indo-China is reparable.[6] It was further understood that each representative would report back direct to his own Government and that this should not be considered an international conference. In connection with discussions on Siam and Burma it was agreed that consideration would be given to setting up missions in those countries or strengthening missions where such exist already, with a view toward increasing capabilities to withstand the spread of Communistic influence, and, further, that this should be discussed at the political-military meeting.

[4] Adm. Robert B. Carney, Commander in Chief of U.S. Naval Forces in the Eastern Atlantic and Mediterranean; Maj. Gen. William H. Arnold, Chief of the Joint Military Mission for Aid to Turkey; Maj. Gen. Vernon Evans, Chief, U.S. Military Mission with the Iranian Army; and Brig. Gen. Robert F. Tate, Chief of the U.S. Air Force Group, Joint Military Mission for Aid to Turkey.

[5] Not printed. According to the priorities stated in paragraph 57 the primary burden for defense in the Middle East would fall on the Army "which should be in a position as soon as possible to have at disposal a reserve for cold war emergencies." Second priorities in the Middle East for the British were a share in the defense of the Egyptian base and "control of the Mediterranean sea-route for as long as possible in conjunction with the United States Navy and its denial to the enemy." (611.41/6–750)

[6] Gen. Sir John Harding, Commander in Chief of the British Far East Land Forces; Brig. Gen. Francis G. Brink, Chief, Military Assistance Advisory Group, Indochina; and Gen. Alphonse Pierre Juin, French Resident General in Morocco.

ITEM 4

Covered under Item 2 above.

ITEM 5

It was noted that the Turkish G–3 now in the United States would talk with the Standing Group on NATO planning on November 3d. It was generally concluded that Admiral Carney, General Arnold, and the British Air Force representative in Turkey should confer in order that the planning in that area be coordinated. It was further agreed that when the Greek G–3 makes his appearance he should be directed to confer with Admiral Carney. It was also concluded that it would be desirable to bring pressure upon the Greeks to cease their agitation for the return of Cyprus to that country, and that further discussion on this latter subject should be held at the political-military talks on 26 October.

ITEM 6

Certain conclusions pertaining to this item appear in Item 2 above. Additional conclusions pertaining to cold-war possibilities were that if there should be in Persia a USSR-inspired tribal invasion or action similar to Korea, the situation would be placed before the United Nations. In the event of a revolution within the country a show of force might assist in maintaining the *status quo*.

ITEM 7

It was concluded that the report rendered by the U.S.-U.K.-French Commanders in Germany was adequate and that each commander should revise his plans and coordinate them with the other commanders as appropriate.[7] It was agreed that General Lecheres [8] might be informed of this conclusion during his present visit. It was further concluded that in the event of the blockade of Berlin any new airlift could only be of approximately fifty per cent of the size of the former airlift. It was noted that the British reinforcements in Berlin would be effected by an increase in the number of men and equipment in existing units. This is a subject which should be discussed at the political-military meeting.

ITEM 8

It was concluded that the Ramsey–Collins 1948 ANZIM–CINCPAC boundary was satisfactory and that planning in this area should be coordinated by Admiral Radford [9] with the Chief of the Australian Staff.

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[7] The report under reference has not been identified further. Presumably it concerned the establishment of a unified command for Allied forces in West Germany and defense against attack from the East.

[8] General of the Air Force Charles Lecheres, French Representative on the NATO Military Committee.

[9] Adm. Arthur W. Radford, Commander in Chief Pacific, and U.S. Pacific Fleet.

ITEM 9

It was agreed that the British would inform the U.S. as to whether or not substitution of one gun battalion for an automatic weapons battalion for the defense of U.S. bases in the U.K. was satisfactory, and further whether or not an increase of 2500 to 3500 spaces in U.S. strength was acceptable.

ITEM 10

It was generally concluded that the present composition of nationalities of the Standing Group was acceptable, for NATO, but that further conversations between the U.S. and the U.K. Chiefs of Staff would be necessary in the event of global war. The U.S. position is that in event of war the Standing Group would be enlarged to include all Chiefs of Staff of the three member nations.

ITEM 11

It was concluded that periodic meetings of the U.S.–U.K. Chiefs of Staff were desirable and would be continued; further that consideration would be given toward holding a Planners meeting, perhaps in January, and other meetings as occasions arise later on.

611.41/10–2650

United States Minutes of the United States–United Kingdom Political-Military Conversations [1]

TOP SECRET [WASHINGTON,] October 26, 1950.

PARTICIPANTS

United States	*United Kingdom*
General Bradley	Ambassador Franks
Ambassador Jessup	Marshal of the Royal Air Force The Lord Tedder
General Vandenberg	Field Marshal Slim
General Collins	Marshal of the Royal Air Force Slessor
Admiral Sherman	Admiral of the Fleet Lord Fraser
Admiral Lalor	Air Marshal Elliot
Colonel Ladue	Captain Coleridge, RN
Mr. Yost	Brigadier Price, BA
	Mr. Burrows [2]

1. *French Proposal of October 24* (on European Defense and German Participation) [3]

General Bradley declared that the U.S. military representatives had the following four objections to the French proposal. First, the

[1] The minutes were prepared by Charles W. Yost, the Director of the Office of Eastern European Affairs and Special Assistant to Ambassador Jessup. Preparatory to this meeting Jessup and Yost had met with representatives of the Department of Defense to formulate the U.S. position on the various items to be discussed with the British. A memorandum of this meeting, not printed, is in file 611.41/10–2650.

[2] Mr. B. A. B. Burrows, Counselor of the British Embassy.

[3] Regarding the French proposal, see p. 691.

fact that the suggested European Defense Minister would be a confusing element in the NAT structure since he would represent some members and not others. Second, full agreement on the Schuman Plan for iron and steel and subsequently a series of political steps aimed at the federation of Europe would, if laid down as a condition precedent to progress on European defense force, very seriously delay NAT defense operation. Third, the common financial pool is unsatisfactory to the U.S. and the U.K. Fourth, the Germans would not like the plan, particularly the apparent intention to hold units they might contribute to smaller than division size.

Ambassador Jessup expressed full agreement with General Bradley's points but added that the U.S. also felt it important that the French proposal not be simply rejected but that it become the subject of negotiations on which further progress could be made along the lines of our proposal for the integrated force. He pointed out that Secretary Acheson had already discussed with Ambassador Franks the question of tactics to be followed in the forthcoming meeting of the Defense Ministers and that he understood that the U.S. and U.K. are in general agreement on this point.

Ambassador Franks declared that the U.K. reaction to the proposal is very much the same as that of the U.S. They are opposed to it but do not believe it should be flatly turned down. The proposal may merely be means which the French have found which permits them to talk about German re-armament. The important point is that the broad and involved character of the French proposal should not become a cause for delay in those decisions in regard to the integrated force which could be taken this week end. We should explore carefully what the French mean by the so-called "transitory period" and by their claim that their proposal involves no delay in establishing the NAT force. In other words, the question is whether the proposal is genuine and firm or whether it represents largely a bargaining position.

General agreement was expressed with this view although it was pointed out that if we go too far to meet the French we may on the one hand lose all the momentum which has been built up among the other participating nations and on the other come up with a proposal which will be wholly unacceptable to the Germans.

Field Marshal Slim expressed the view that a NAT Supreme Commander could exercise a strong influence on the way in which the French proposal is worked out in practice and that the fact that this proposal has been put forward increases the urgency of the appointment of the Supreme Commander. The U.S. Chiefs replied that their views on the timing of the appointment of the Supreme Commander had changed and that they have now decided to support his immediate

appointment. They emphasized however that if the Supreme Commander is appointed and the NAT defense effort nevertheless bogs down there will be a terrific reaction in the U.S. and MAP may well be killed.

2. *Bases in Egypt*

While considerable doubt was expressed by both U.S. and U.K. representatives as to whether U.S. participation in a U.S.–U.K.–Egyptian tripartite arrangement for bases in Egypt, including one U.S. base, would change the attitude of the Egyptian Government toward the base question, it was agreed that there is a possibility that this might be the case and that this possibility should be thoroughly explored. Ambassador Jessup suggested that the matter be examined jointly by the U.S. and U.K. and Ambassador Franks expressed agreement.

General Collins raised the question as to whether there would be advantage to making U.S. equipment available to the Egyptians. He emphasized that we had no desire to dissipate valuable equipment in this way but that, since the Egyptians appeared to feel that the British are preventing them from buying arms wherever they wish, a demonstration that this is not the case might be useful. Marshal Slessor suggested that it would be preferable that such a suggestion come to the Egyptians from the U.K. rather than from the U.S. Ambassador Jessup suggested that there might be joint U.S.–U.K. consideration of an Egyptian arms request and General Collins added that any tripartite arrangement might deal with arms as well as with bases. Field Marshal Slim pointed out that the U.K. had told the Egyptians that it can provide arms only for those nations who stand with us and that it is important that the Egyptians receive arms only in so far as they cooperate with us. It was agreed that this subject also would be given further joint study.

3. *Cyprus*

Ambassador Jessup declared that the U.S. has informed the Greek Government, and will continue so to inform them, that the present world crisis is not a proper time in which to raise the question of the status of Cyprus. Ambassador Franks said that the U.K. would appreciate it if the U.S. continues to take this line. Air Marshal Slessor urged that both the U.K. and the U.S. point out to the Greeks that Cyprus will be of great importance for operations in the next war, since the Greeks are inclined for their own purposes to play down its military importance.

4. *Middle East and Iran*

General Bradley pointed out that there are some political aspects of the question discussed by the U.S. and U.K. Chiefs on October 23 in

regard to a communist revolt in Iran or a tribal incursion over the frontier. What U.S. action would be in these circumstances would depend on the situation at the time, on the attitude of the U.N., etc. He raised a question as to whether it would be more useful for the U.S. to send a carrier to the Persian Gulf in such a time of crisis, as had been suggested, or rather to send carriers on periodic visits during normal times to indicate our continuing interest. Ambassador Franks declared that any situation calling for U.N. action was one thing but that in a case falling short of obvious U.N. concern the U.K. felt that the dispatch of a small U.K. force to southern Iran would have a steadying and not a provocative influence. The U.K. felt that the dispatch of a brigade to Basra in 1946 had perhaps had as much to do with Soviet withdrawal from Azerbaijan as had the U.N. action. He felt that a small U.S. contribution to a force of this kind would be useful as a demonstration.

Ambassador Jessup indicated that the U.S. agreed that the dispatch of a U.K. force to Iran would have a steadying influence in certain cases such as the re-entry of Soviet forces into Azerbaijan, or a communist seizure of power in Tehran, or such widespread disorders that such a seizure seemed imminent. He questioned, however, whether it would be desirable to dispatch such a force into Iran in case of an ostensibly local uprising in Azerbaijan without intervention of Soviet forces. This might merely give the Soviets an excuse for sending in such forces under the 1921 treaty. In a case of this kind, the U.S. would feel that the dispatch of British forces to a nearby area such as Iraq would be preferable. Admiral Sherman pointed out that this would have the additional advantage of facilitating a later withdrawal of these forces without loss of face if that should prove desirable. It was agreed that there should be further consultation between the U.S. and U.K. in regard to appropriate action in case of a tribal uprising in Azerbaijan without Soviet overt intervention.

General Vandenberg suggested that the difference in point of view on this point might reflect the difference in the U.S. and U.K. estimates of the readiness of the Soviets to risk general war in the near future. Air Marshal Slessor pointed out that it is characteristic both of the Soviets and of the Russians under any regime to conduct probing operations outside their borders but to pull back if confronted by force. General Vandenberg agreed but wondered how many times the Soviets would feel they could "bump their noses" in this way without irreparable loss of face.

Ambassador Jessup referred to the steps which the U.S. Government is taking to strengthen the position of the Iranian Government in the cold war and pointed out the important contribution which a

favorable AIOC settlement could make to this end. Ambassador Franks replied that he could not comment on this point but that he took note of it.

Ambassador Jessup raised the question as to the exact meaning which should be attached to the word "vital" as applied to the Middle East, pointing out that we use this word freely in planning but that in practice we seem to question whether a large part of the area at least can be held. Ambassador Franks replied that it is the U.K. view that whoever controls the Middle East controls the access to three continents. Whether or not this area is held will determine whether or not we have a "big free world" or a "little free world". From the political point of view the U.K. attaches the greatest importance to the joint strategic study on the spot which the U.S. and U.K. Chiefs have agreed is to go forward.

General Collins emphasized that the U.S. Chiefs consider that the Middle East is a British responsibility in case of a hot war, at least during the first two years of such a war, and that our activity and interest in the area during the cold war period should not give rise to any misunderstanding on this subject. He felt that in case of hot war even our tactical naval air would be required in Italy, where we would endeavor at least to hold the Piave line. Our Military Mission would, however, stay in Iran in case of general war and we are hopeful that, if time is available, an effective Iranian force may be brought into being. Admiral Sherman added a footnote to the effect that, if the Russians were not attempting to break into Italy, we might be able to provide some tactical naval air assistance against them in the Aegean or Middle East.

Ambassador Franks replied that the U.K. is quite clear on the distinction between U.S. aid in the cold and in the hot war periods. It continues to hope, however, that circumstances will enable the U.S. to change its mind in regard to its contribution to this area in a general war.

There was considerable discussion of the question of the demolition of oil wells and refineries in the Middle East, particularly in Iran. The U.K. representatives were unable to state exactly what is the status of planning for such demolition but they did state that it is planned that such demolition will take place if it appears that the areas are to be overrun and that the demolition will be carried out not by the military but by civilian experts from the oil companies. General Bradley reported his understanding that the wells will be plugged with cement but that the refineries will not be destroyed before evacuation. The Air representatives expressed full confidence that the refineries could be easily destroyed by bombing operations.

Grave doubt was expressed as to whether the Russians could in fact, because of the very unsatisfactory communications, get much oil back to the Soviet Union. If the refineries were destroyed, they could not even supply their own forces in the Middle East from these fields. Both U.S. and U.K. representatives laid emphasis on the harmful effect on morale in Iran and other Middle Eastern countries which would result if it became known, as it very likely would, that we are making detailed plans for demolishing the oil facilities. The discussion resulted in the conclusion that there is serious doubt whether, in light of the unlikelihood that the oil can be useful to the Russians and of the serious effect on our cold war position which could follow knowledge that we are planning to demolish, we should in fact proceed with our plans for demolition. It was agreed that there should be further joint study on this problem.

Ambassador Franks raised the question as to whether there should not be further study on the importance to us of Middle Eastern oil in case of general war. The results of such a study would have an obvious effect on our strategic planning in the Middle East. It was suggested that the appropriate technical authorities should give further study to this question. General Vandenberg reported that there are such wide differences of opinion among the oil experts in the oil companies that he doubted that any firm conclusion could be reached. It appeared to him, however, that Middle Eastern oil would be needed at least after the first two years of war.

5. *Satellite Attack on Greece or Turkey*

Referring to the discussion of this subject in the July U.S.–U.K. meetings, General Bradley said that it had been the U.S. military opinion that the Bulgarians are not in a position to conduct a successful offensive against Greece. Ambassador Jessup pointed out that, regardless of Bulgarian capabilities, they might be launched against the Greeks for reasons of over-all Russian strategy. Should this occur we are not at all clear as to who does what. While the U.N. would presumably recommend help for the Greeks, who would take the initiative in supplying that help? The British military representatives agree that since British forces are nearest to Greece they would have to act under such circumstances. The Korean situation would be reversed in that the U.K. would have to put in troops and the U.S. would help with ships. The question was raised of Turkish assistance to the Greeks in case the Greeks alone were attacked and the view was expressed that the Turks would not in these circumstances be likely to act. As to Bulgarian capabilities, it was pointed out that, while the Bulgarians could probably not defeat the Greek Army, they

could without difficulty occupy Eastern Thrace and move down to the Aegean.

The question was raised as to whether U.S. and U.K. Military representatives in Greece should, like those in Turkey and Iran, be instructed to make a fact-finding review of the strategic position there. It was decided that Greek problems should be more carefully thought through in Washington and London before our missions on the spot were asked to make a re-examination. After the fact-finding on Turkey and Iran has been completed it would be easier to judge how Greece fits in.

6. *Berlin*

General Bradley raised the question of the Foreign Ministers' agreement that the three powers reenforce their troops in Berlin.[4] He said that the U.S. is raising its total force from 4,000 to 6,200 but that he understood that the British are sending in only equipment and a small number of men. Ambassador Jessup added that the State Department is much concerned that the Foreign Ministers' decision on this point be carried out. Field Marshal Slim declared that the U.K. is adding a unit of tanks and about one-third more men which will constitute a full strength British brigade in Berlin. It was pointed out that the French appeared to be taking no action and General Bradley said that he would discuss with Secretary Marshall whether or not the matter should be raised in conversation with M. Moch.[5] Field Marshal Slim expressed the view that if the forces of the three powers were reenforced as contemplated and the German police forces were also built up as planned, their combined strength would be sufficient to hold off the Bereitschaften.

7. *Indochina, Siam and Burma*

General Bradley referred to the agreement at the meeting of the U.S. and U.K. Chiefs on October 23 that Generals Brink and Harding should discuss fully and frankly with General Juin the plans and prospects for holding Indochina and suggested that these contacts be individual and informal in order that the French might not feel that we were ganging up on them. The U.K. representatives agreed. Field Marshal Slim added that General Harding is being instructed to make clear to General Juin that no U.K. forces will be available for use in Indochina.

General Bradley raised the question of U.S. and U.K. military missions in Siam and Burma in case Indochina falls. The British pointed out that they have a mission in Burma but that it is able to accom-

[4] For the text of the Ministers' agreement on Berlin, see p. 1091.
[5] Jules Moch, French Minister of National Defense.

plish very little. General Collins expressed the view that military missions alone would not amount to much. What he would hope to see, in case Indochina should fall, would be a U.N. announcement that it would not tolerate aggression against Siam or Burma and possibly the stationing there of token forces. Ambassador Jessup suggested that in case Indochina should fall the Siamese Government might request a visit by the U.N. Commission set up under the new anti-aggression resolution and that we would follow up from there depending on the report of the Commission.

Admiral Fraser inquired whether it is of any use continuing to pour equipment into Indochina in view of the extreme shakiness of the French position. General Bradley replied that we considered that it is worth while for the present and that there is still a chance of the French pulling through.[6] In reply to Ambassador Franks' query as to whether there is anything further the U.S. and U.K. can do to move the French forward politically in Indochina, Ambassador Jessup replied that the main point is that they should move ahead rapidly with a native army. The essential is that the French hold some line and that behind that line they proceed rapidly in the training of such an army.

8. *Formosa*

Pointing out that the question of the long-term disposition of Formosa had now been placed before the U.N., Ambassador Franks noted that the U.S. had mentioned independence as a solution. The U.K. does not believe that there exists in Formosa any movement favoring independence as distinct from a movement favoring autonomy within China. The bulk of the inhabitants of the island are immigrants from China and the U.K. does not feel that they would wish to be wholly separate from China. Ambassador Jessup replied that the U.S. is not advocating any single long-term solution but that we would not consider that any avenue should be closed to the U.N. Commission in its investigation. There are many Formosan groups advocating various solutions, including independence, but we have no means of knowing whether any of these groups are representative.

Field Marshall Slim inquired whether it is intended that, until the U.N. Commission comes to a decision as to the ultimate disposition of Formosa, the U.S. declaration in regard to its neutralization will continue to stand and the 7th Fleet will continue to steam about in

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[6] In the memorandum referred to in footnote 1, General Collins was quoted as expressing the opinion that it was "inevitable that the French will be driven out of Indochina, at the very least out of Tonkin, and that they are wasting men and equipment in trying to remain there. He therefore thought it important that we give consideration to ways and means of holding Siam and Burma in case Indochina should fall."

Formosan waters. Admiral Sherman replied that he is afraid that this is the case. Ambassador Jessup pointed out that the proposed U.N. resolution on Formosa would provide *inter alia* that all interested parties should refrain from intervention in Formosa while the Commission is at work and that this declaration by the U.N. would, it is hoped, help to maintain neutralization of the island during this period.

Admiral Fraser expressed the view that, while the U.S. and U.K. are disagreed about the strategic value of Formosa, they were nevertheless agreed that it is not worth going to war about. General Bradley replied that we would, in accordance with this Goverment's announced intention, resist any attack upon the island but we would hope that such action would not lead to general war with China.

9. *Hongkong*

Ambassador Jessup raised the question as to whether there had been any shift in emphasis since the July talks in the British attitude toward the possibility of localizing the conflict in case of a Chinese attack on Hongkong. He had had the impression in July that, while in case of an attack the British would resist and would appeal to the U.N., they would not expect to be able to hold the colony in face of a full-scale attack and would not wish their resistance to an attack to lead to full-scale war with Communist China. The British military representatives replied that they would of course prefer to localize such a conflict but that Hongkong is British territory and it is doubtful that if it were attacked a general war with Communist China could be avoided. They compared an attack on Hongkong to an attack on Hawaii.

Ambassador Jessup inquired whether, if the island were lost, the U.K. would continue at war with Communist China thereafter and would urge the U.S. and the rest of the U.N. to wage all-out war with China to win the colony back. To Lord Tedder's reply that this would depend on what the U.N. did, the Ambassador asked what the British representatives at the U.N. would recommend.

Ambassador Franks said that the U.K. representatives did not have a clear view one way or another in answer to this question. The U.K. would resist an attack on Hongkong, it would place the matter before the U.N., and its forces presumably would be driven out of Hongkong by a full-scale attack. As to where the U.K. would go from there, there is as yet no clear answer.

General Collins raised the question as to whether it was conceivable that there could be an all-out war with China without thereby bringing on World War III. General Bradley replied that that question could hardly be answered at this stage and that it would depend on the way things worked out at the time.

The meeting adjourned with expressions on the part of both the U.S. and U.K. representatives of the usefulness of the conversations.[7]

[7] The conclusions and agreements reached at this meeting were recorded in a paper drawn up by Yost following the discussions. Four drafts of Yost's paper, entitled "Summary of Conclusions, U.S.–U.K. Politico-Military Conversations," have been identified in the Department of State files. Copies of each are in files 611.41/10–2650 and 3050, respectively.

VI. Meetings of President Truman and Prime Minister Attlee, at Washington, December 4–8[1]

795.00/12–350 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET NIACT LONDON, December 3, 1950—5 p. m.

3241. 1. This telegram seeks to analyze mood and preoccupations of British public, governmental and opposition opinion at present moment and insofar as possible to forecast positions Attlee likely to take in forthcoming talks with President.[2] We have not attempted complete assessment validity these positions as our purpose is to convey our impression British scene and feeling.

2. UK public opinion now focussed on meeting which is considered here of crucial importance in light grave deterioration international situation. We believe discussions will afford valuable and timely opportunity to engender better understanding of difficulties facing both countries, to devise means to resolve them, to inject new momentum into defense effort and further to strengthen Anglo-American ties.

3. Attlee's announcement of trip to Washington for "intimate discussions" with President was dramatic climax to increasing public anxiety about international developments. Uneasiness crystallized after Chinese Communist intervention Korea brought forcefully home realization that perilous Far Eastern situation might precipitate general war.[3] This feeling was further intensified by sensational initial

[1] For further information on these meetings, see Harry S. Truman, *The Memoirs of Harry S. Truman*, volume II, *Years of Trial and Hope, 1946–1952* (Garden City: Doubleday & Company, Inc., 1956), pp. 394–413, and Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton & Company, Inc., 1969), pp. 478–485.

[2] In telegrams 3195 and 3196, November 30 and December 1, from London, neither printed, Holmes had reported that the Cabinet had decided and it had been announced in Commons "that Prime Minister should make immediate trip to Washington to confer with President on problems of mutual concern including Korea as well as other matters of pressing common interest." (795.00/11–3050 and 12–150)

[3] For documentation on the Chinese Communist intervention in Korea, see volume VII.

press reports of President's remarks re use of A-bomb.[4] Manifestations of increasing concern re government's conduct of foreign and defense policies prior to foreign affairs debate were:

(*a*) Three motions introduced by back-bench Labor MP's, many of whom in center or right of party, calling for CFM and renewed initiative by government in international field,

(*b*) Speech by Salisbury, Conservative leader in House of Lords, urging positive response Soviet note re 4-power meeting,[5] and

(*c*) Press reports that some members of government, especially Aneurin Bevan, wished to scale down defense program. Serious and responsible debate foreign affairs House of Commons November 29–30 clearly and forcibly demonstrated these anxieties felt throughout labor and opposition parties.

4. We believe principal causes this concern are:

(*a*) Apprehension that world may be drifting towards war. There is general belief that events have been outpacing our control, and especially British control, over them. There is also fear that US may reach "point of no return" beyond which diplomatic handling of situation would be impossible and might even be provoked into preventive war.

(*b*) Wide-spread desire explore every reasonable avenue settlement East-West differences. This is reflected in view that West powers should make genuine though cautious response to Soviet note, view which is held not only by Labor but also by many Conservatives including Eden and Churchill. Latter has again urged meeting in secret at "highest level" before Soviets accumulate stock-pile of A-bombs. Although there are many gradations this general attitude, vast majority would firmly reject any "appeasement".

(*c*) Growing concern over economic situation. This relates to impact of additional defense production, uncertainty over amount future US financial aid, increasingly serious raw materials shortages which threaten to reduce production and productivity and to create unemployment, and belief US attaching undue importance signs of improvement in British economy and underestimating danger signs in situation.

(*d*) Desire to end dependence on US. British feel themselves inextricably bound to US and great majority of them fully and firmly support Anglo-Saxon "alliance". They wish, however, to stand on their own feet as soon as possible. In our view financial factors are root this allergy to dependency. British also very sensitive to what they regard our tendency to treat them as "junior partner". Rearmament program has caused prospect end financial dependence to recede while divergence US–UK Far Eastern policies and most recent developments Korea have made Labor and Conservatives alike feel that views HMG not being given appropriate weight in policy decisions.

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[4] Regarding President Truman's statements at his press conference on November 30 on the possible use of the atomic bomb in Korea, see editorial note, vol. VII, p. 1261.

[5] Documentation on the Soviet note of November 3 calling for a meeting of the Council of Foreign Ministers is scheduled for publication in volume IV.

There is a psychological factor here of great importance. There is a yearning in all quarters to "get the UK out of the queue with Denmark and Luxembourg". There is irritation at lack of evidence of appreciation of UK commitments and contribution to worldwide struggle, Malaya, Hong Kong, Middle East, et cetera. Statement is constantly made that although UK is on receiving end from US, its contribution to defense and economic strength free world places it also among the givers; that after US this country actually and potentially is next in performance and strength. There is nothing essentially new about these attitudes but they have become more pronounced and sharper with recent events.

(*e*) Misgivings as to implications US elections. British tend regard them as swing to right with overtone isolationism and that crops to be re-examined will be British crops that despite reverses in Korea, MacArthur will not be sufficiently responsive to political guidance; and that America will speak with many voices, not excluding McCarthyism. While fully appreciating US achievements and sacrifices, doubts re steadiness and predictability of US policy have been revived. Letter to Attlee signed by 100 MPs within few moments after receipt first misleading reports President's remarks re A-bomb symptomatic sensitiveness here to signs of changes US policy. Shock caused by these reports quickly allayed after news White House correction. Although this example of agitated and excited action to counsel calm reflects underlying uneasiness, its real significance should not be overrated.

(*f*) Fear of consequences Korean situation and anxiety about Asia. Reaction here to latest developments was climax to long-standing and steadily widening divergence with US over policy towards China. Government's China policy has been extremely popular on Labor side, and many in all parties have been suspicious our aims in Formosa, and attitude toward Chiang and Syngman Rhee. Fear of actions MacArthur might take has been widespread, and British disappointed that he launched offensive in midst negotiation over their recent proposals to Washington. Now British united in support compelling necessity to revise military objectives Korea, to attempt stabilize at "the waist", and then to seek some political solution. Fundamental in this belief is desire avoid falling into Soviet trap by committing such large forces in Asia that western defenses will be laid bare.

(*g*) Doubts as to wisdom rearming Germany. Many, though not a majority, within Labor party have opposed rearmament of Germany because of fear that this would result in revival German militarism. This view not held by Conservatives. However, many of them share majority Labor belief precipitate US action and intense pressure in this field aroused French fears and has retarded agreement. Government fully agrees to necessity utilization German units within NAT, but has made little or no effort to explain the whys and wherefores to British public.

5. Of foregoing pressures on government, attention was centered in foreign affairs debate on (*a*) Korea and danger of war; (*b*) relations with US and re-establishment of equal partnership; (*c*) attitude to be taken to talks with Soviets; and (*d*) raw material shortages and burdens of defense program.

6. Government has become gravely concerned because of cumulative effect of these pressures. It has responded in following ways (*a*) Bevin's statement that objective in Korea should be military stabilization and, subsequently, attempts find political solution; (*b*) Bevin's reassurance to House of Commons that he would adopt positive attitude in formulating response Soviet note; and (*c*) Attlee's decision to meet with President.

7. These responses have at least temporarily reduced tensions occasioned by these pressures. In making them government has transcended domestic partisan politics and is voicing the anxieties and hopes of a united people. Whether these anxieties are allayed depends in large part on the results of the forthcoming talks.

8. Government reactions do not mean that British will depart from agreed basic foreign and defense objectives. They do not mean that British will slacken in their support for NAT or the joint defense program, or adopt policies that smack of "appeasement", (in view all circumstances they do not regard their attitude Korea as "appeasement"), or diminish their support for UN. They do mean British will press for adjustments on particular issues, take more initiative putting forward their own proposals, and seek role of "equal partner" with US.

9. On basis of preliminary and general agenda available here, we feel British may take following positions during conversations:

(*a*) Korea. While making clear their full intention continue support UN police action, British will press hard for agreement on more limited, well defined military objective North Korea, and US acceptance "buffer zone" or similar concept, to end fighting and permit negotiation political solution. We also feel British will press for US agreement consult UK before making major moves in SC, such as Austin statements naming Chinese Communists aggressors.[6] In view Attlee's statement House of Commons, he will undoubtedly seek our assurance A-bomb will not be used except after consultations and concurrence UK. British may also request assurances other phases military operations, possibly non-utilization air power across Manchurian border without consultation UK.

(*b*) China. British thinking on Formosa is still based on conviction continued recognition Chiang regime unrealistic and unprofitable. However, attitude on Chinese Communists will doubtless be influenced by Eden's Commons speech in which he stated he unable see how UK could vote for seating them in UN "at this particular time".

(*c*) Europe. British will attach fundamental importance to full meeting of minds on dangers costly involvement Far East and that necessary steps will be taken in given contingencies to prevent any

[6] The reference here is to the statements of Ambassador Warren R. Austin on November 27 and 28 in the U.N. Security Council naming the Chinese Communists as aggressors in Korea.

basic modification global strategy including reiteration primary importance European theater.

(*d*) NAT. As corollary to above, British will discuss ways accelerating NAT defense measures and breaking present impasse with French. This might include some formula involving US agreement to appointment CINC and establishment integrated force without awaiting final French approval utilization German contingents. British may also urge acceptance their proposals re elimination bilateral supervision defense financial assistance, and agreement formula for equitable distribution defense program.

(*e*) Soviets. Although not at present on agenda, and subject progress discussions Paris,[7] British may refer in general terms their desire for positive, non-polemical, though firm reply Soviet proposal for CFM.

(*f*) Economic. British will probably be most sensitive in discussing two problems—raw materials and US aid. They are likely to seek assurances that US will avoid unilateral action in raw materials field. They believe that only through closest collaboration between US and UK can equitable distribution of raw materials be assured and grave setback western European defense effort and UK economy be avoided. Specifically they will question necessity of US stockpiling and domestic consumption at rates which in their view make impossible maintenance and expansion of production in western Europe during next few critical months.

They will probably ask for reaffirmation of principle that defense effort must be adjusted so as to maintain their underlying economic strength. They may point out that adequate defense effort impossible without substantial US assistance as they expect sharp reversal of their international financial position. They may again ask for "moral commitment" by US regarding general magnitude continuing dollar aid in order to enable UK to carry out long-range rearmament effort. They may advance their position that military aid should be considered contribution to common defense and should be supervised multilaterally by NATO rather than bilaterally by US. (Our immediately following telegram elaborates on economic factors.)

10. We believe that the approach to and atmosphere of these talks will be vitally important, as they were in September 1949. That meeting was without doubt a notable success in producing reassurances and good feeling of great subsequent value. There are elements in the present situation not unlike, although of a far graver nature than, those prevailing in the summer of 1949. The extent to which we may find it possible to accede to British desire for "full partnership", for re-affirmation and possible extension of Anglo-American relations as distinct from, although not inconsistent with, UN, NAT, et cetera, will, we know, depend on many factors. However, it is our opinion, that within the limitations imposed by other considerations moves in

[7] Documentation on the tripartite discussions in Paris to draft an answer to the Soviet note of November 3 is scheduled for publication in volume IV.

this direction, so ardently desired by overwhelming majority here will pay real dividends in UK and Commonwealth efforts.[8]

Department pass Moscow; sent niact Department 3241, Frankfort 510, repeated info Paris 1079, Moscow 116, Rome, Hague, Brussels, Stockholm unnumbered.

HOLMES

[8] On November 24, before the Chinese Communist intervention in Korea, Holmes had transmitted a similar telegram outlining the growing concern in the United Kingdom over foreign policy and reporting the principal causes for it. Telegram 3043, not printed. (741.00/11–2450)

795.00/12–350 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET NIACT LONDON, December 3, 1950—5 p. m.

3242. 1. This refers to immediately preceding Embtel 3241, December 3. It contains our comments about certain aspects UK economic situation which we believe will be most prominently involved in President's talks with Attlee.

2. Current British official attitude on economic matters strongly influenced by following basic considerations:

(*a*) Determination, in accomplishing rearmament program, to avoid if possible repetition of economic consequences of last war which left British economy feeble and dependent;

(*b*) Growing apprehension over unfavorable developments in UK economic situation and belief that undue emphasis is being placed on favorable elements with effect of obscuring what British consider danger signs in situation.

3. British officials realize that UK economy, always highly dependent upon imports and thus particularly susceptible to external influences, is tight, finely balanced, lacking in resilience, and thus sharply responsive to pressures which a better-cushioned economy could absorb without difficulty. We believe this is a valid cause of concern. There have been recent instances of abrupt and unexpected deterioration of British economic situation. We believe some basic causes of former set-backs are still present and could, if not controlled, produce reverses in British economy which would be particularly unfortunate at this time.

4. British attitude toward economic aspects rearmament program including amount nature US aid dominated by still poignant memory of their plight in 1945 and 1947 and fear of losing economic gains achieved after long hard period of adversity and dependence upon

US aid. While government's caution in certain economic aspects rearmament effort influenced by reluctance to jeopardize full employment and social welfare program, more important influence is fear of economic difficulties which would bring return of straightened circumstances so recently alleviated. Thus both economic and psychological factors are inter-related and must be recognized.

5. Also influencing British economic thinking is their sincere desire to lessen their dependence upon US. Hence, their current advocacy of multilateral administration of economic aid for NATO defense program. British find themselves in paradoxical position of wanting and needing substantial US aid and at same time endeavoring free themselves from condition of direct dependence which bilateral aid arrangements inevitably foster. Washington talks may afford opportunity to strengthen British confidence in our understanding of their misgivings and problems concerning defense production effort and in our willingness to assist them in solving problems beyond their control. It may also be possible to develop some arrangement for handling our aid to Britain in manner which will minimize to greatest possible extent British feeling of direct dependence.

6. British economic situation in general has undoubtedly improved since devaluation but beneath surface indications of improvement serious weaknesses are developing which, unless checked, may strongly shape future economic trends. Paradoxically important factors in the improvement have led to severe stresses within the economy which now becoming evident. Contributing heavily to improved balance of payments situation has been continued restriction of imports. Drain on stocks of raw materials caused by rising production has not been met by commensurately higher volume of imports.

7. This situation has been and is being aggravated by rise in prices of British imports which have outpaced increase in British export prices. Progressive deterioration in British terms of trade has made necessary continually increased exports to pay for needed imports. Rising import prices have already created serious wage problem and threaten to accelerate upward wage-price spiral which would accentuate already difficult task of holding inflationary pressures in check.

8. Substantial increase in British gold dollar reserves to which much importance is being attached, is not unmixed blessing. Considerable part of increased monetary reserves attributable to recent inflow short-term capital, some for speculative purposes, and too drastic reduction dollar imports. Government economizing on imports to build up reserves, and postponement of importing on pre-Korea falling market, have caused depletion some inventories and accentuated raw

materials shortages. Essential rebuilding of inventories at present high prices will inevitably require use of gold and dollar resources to some extent.

9. While superficially British economy may appear more resistant to shock than year ago unfavorable factors mentioned are of such importance to UK, which is primarily a processing economy, that they must be clearly recognized as potentially capable of disrupting delicate balance in British economy and causing serious difficulties. There is growing belief in British Government that recent favorable trends in balance of payments will be sharply reversed in period of 6 months to year. This reversal, they believe, will make impossible undertaking of inevitable heavy defense expenditures without substantial US assistance. Their uncertainty over economic impact rearmament program has been accentuated by lack knowledge re extent US aid and they will undoubtedly seek reassurance on that score in Washington.

10. In our opinion most immediate serious element of situation, and one causing greatest concern to British Government now, is shortage essential raw materials especially cotton, nonferrous metals, sulphur, wood pulp. British believe many shortages could be materially relieved by prompt and effective US action. Best informed officials are certain that unless more ample supplies most critical materials become available soon production of both military and civilian goods will be reduced and unemployment will result. Their opinion appears to be correct.

11. We believe Attlee will make special effort to obtain US cooperation in relieving most critical raw materials shortages, particularly where US assistance could be decisive factor. He will probably refer to need for review of US stockpiling policy and reduction in rate of procurement of those commodities where current requirements exceed available supply. Substantial and immediate US cooperation in both directions would constitute not only material and badly needed economic assistance to Britain but would have beneficial public relations effect. Tone of extensive press comments about raw materials shortages have placed blame on US and accentuated public awareness seriousness of situation.

12. In setting forth above points of British concern it is not our purpose to appraise validity or endorse all aspects British position on economic matters. We think that certain measures, including for example reduction in civilian budgetary expenditures, may have to be taken by British Government to relax some tightness in economy and thus enable it to carry additional burdens including those resulting from rearmament effort. Even if this were done, however, British

economy would still be exposed to external influences over many of which British have little if any control. It is obvious that factors other than US stockpiling have contributed to present British raw materials shortages. We are confronted, however, with difficulties which must be faced in British economic position, whatever the causes.

Sent Department 3242, repeated information Moscow 117, Frankfort 511, Paris 1080.

HOLMES

Conference Files : Lot 59 D 95 : CF 49

United States Minutes, Truman–Attlee Conversations, First Meeting, The White House, Washington, December 4, 1950, 4 : 00–5 : 35 p. m.

TOP SECRET

US Min–1

PARTICIPANTS

United States	*United Kingdom*
The President	Prime Minister Attlee
Secretary of State Acheson	Sir Oliver Franks
Secretary of Defense Marshall	Field Marshal Sir William Slim
Secretary of the Treasury Snyder	Sir Roger Makins
General Omar Bradley	Lord Tedder
Mr. W. Averell Harriman	Mr. Robert Scott
Mr. W. Stuart Symington	Mr. Denis Rickett [2]
Ambassador at Large Philip Jessup	
Amb.-designate Walter S. Gifford	
Assistant Sec. of State Perkins	
Assistant Sec. of State Rusk	
Mr. George Elsey [1]	

[Here follows a table of contents.]

THE PRESIDENT opened the meeting by expressing his appreciation of the Prime Minister's coming to the United States. The objectives of the United States and the United Kingdom are parallel, and he hoped they always will be. Accordingly, he believed these discussions would be very useful. The situation is so serious that he felt it was necessary to begin the talks as soon as possible, although he had wanted to give the Prime Minister time to rest after his arrival. After he had consulted with the Secretary of State and the Secretary of De-

[1] W. Stuart Symington, Chairman of the National Security Resources Board; Walter S. Gifford, Ambassador-designate to the United Kingdom; Dean Rusk, Assistant Secretary of State for Far Eastern Affairs; George Elsey, Administrative Assistant to the President.

[2] Sir Roger Makins, Head of the Economic Intelligence and General Departments of the Foreign Office; Robert Scott, Head of the South East Asia Department of the Foreign Office; Denis Rickett, Mr. Attlee's Secretary.

fense, it had seemed that he ought to ask the Prime Minister to begin this afternoon since he did not want to come to any conclusions until after he had talked with him. He suggested that the Prime Minister might like to have the military situation presented by General Bradley.

General Bradley summarized the situation on the map. He said there had not been very much pressure on the western front during the last 24 hours. A new line was now being formed and then the forces would withdraw in an organized way to the Inchon–Seoul beachhead. The port of Inchon has been handling 3,000 tons a day and could handle more. The Tenth Corps is being concentrated in the Hamhung–Hungnam beachhead. This force had been scattered in order to unify Korea as part of the program of holding elections throughout the country. It had now been ordered to fall back. The Seventh Division was proceeding with its withdrawal without too much opposition, and the two Korean divisions were coming back. The First Marine Division and one regiment of the Seventh Division were fighting their way back from Hagaru but had a difficult problem in withdrawing over a road which was controlled by the Chinese Communists. Yesterday they had evacuated 1,100 wounded from improvised airfields and 978 the day before. They were being supplied by air drops, 270 tons having been dropped yesterday. In South Korea in the Pusan area, three ROK divisions and some smaller divisions were being supplied through Pusan. The position at Inchon was rather strong. The river protects one flank and support can be given by naval gunfire. One cruiser and two destroyers are now standing by to give support.

Our air has been very active, flying 600 missions yesterday; there were 230 missions by Naval air. It has been this close air support which has enabled our forces to stand up against odds of about seven to one. There has been very little enemy air lately. Yesterday four or five Migs jumped a reconnaisance plane and one other. The reconnaisance plane escaped and the other returned badly shot up.

Field Marshal Slim inquired whether it was the intention to hold the beachheads or to evacuate them.

General Bradley said this made little difference at the time. No orders have yet been given as to which the commander is to do. No answer has yet been given to the question whether we should withdraw or hold them.

Field Marshal Slim asked whether they could hold.

General Bradley replied that, if they get back in good shape, they could hold for some time. He noted the forces available include two good ROK divisions, two somewhat less good ROK divisions, a Turk-

ish brigade, as well as the British and American forces. Contrasting the position which they have been in with the beachhead, General Bradley said they had had very little artillery, but on the beachhead with artillery and protected flanks they could hold pretty well. It would be some days yet before they could be assembled in the Inchon area. In the east, two divisions are moving by sea from Wonsan. It was less certain we could hold in the east. He thought the Seventh Division could get back in good shape since it was now able to move by rail, there being seven engines and 200 cars available. The Third Division is expected to be able to keep its heavy equipment.

Field Marshal Slim suggested that the Chinese forces and ours might arrive at the eastern beachhead at about the same time. He asked whether fresh equipment could be put in by sea.

General Bradley agreed that the Chinese might be able to get there at the same time and fresh equipment could be so landed.

Field Marshal Slim remarked that it was very important to hold a beachhead in North Korea. This would constitute much more of a bargaining point.

General Bradley thought it was not much considering the size of the beachhead and the size of the enemy force.

Field Marshal Slim suggested that nevertheless, while it was held, it might make the Chinese think we are building up. He inquired about the situation at Pusan.

General Bradley said we must at least hold this against guerrilla attacks for some time. It was our main point for bringing in supplies, handling about 30,000 tons a day. We also have 150,000 North Korean POW's in that area. It will take some time to get scattered ROK divisions down there.

Field Marshal Slim inquired General Bradley's estimate of the reliability of the ROK forces.

General Bradley said they fight reasonably well; that so far as their officers were concerned, they did not have much training. No divisional commander has as much as three years' service, and it is difficult to develop proper officers in that time.

The Prime Minister said he understood there was no possibility of holding a line across the peninsula.

General Bradley said that was true since the enemy had too great a capability of infiltration. Even with all of our forces intact, there would have been a question of holding the narrow point at the waist.

General Marshall added that there were some 30,000 South Koreans without very much training with the Marines and the Seventh Division. The ROK main weakness was in the command. The individuals were good fighters and had shown great resiliency. After being

badly battered, they were put together again and back in action with rapidity. On the west, unless the enemy cuts in from the northeast, there is a very good opportunity to get back without the forces being too much demoralized. On the northeast, there was still a question what shape they would come back in and whether the Chinese Communists would arrive in the area simultaneously. The ports there were small and, while they did not have the problem of the tides which bothered us at Inchon, their capacity was restricted.

THE PRIME MINISTER inquired whether we could keep our air cover.

GENERAL BRADLEY said there had been no trouble so far. We have five carriers standing off the coast and are operating from seven fields. The field at Wonsan is out, and the Hamhung field is of doubtful value. We have good fields at Kimpo (Seoul), Suwon, Taegu, Taejon, and Pusan. Suwon, however, may be too far to be included in the beachhead. The retention of Taegu and Taejon depends on the guerrillas. He recalled that at first we had operated out of fields in Japan, and that this could be resumed to some extent. If however we are run off the airfields in Korea, we will have to depend largely on the carriers.

GENERAL MARSHALL said it was important to realize the operations of the enemy with their forces scattered through the mountains and masses pouring in against our men without any regard to the losses. It was much easier for them to conceal themselves than for us, because of the way in which they operated and their ability to stand the hardship. For these reasons, air cover was less valuable than might be supposed.

THE PRESIDENT said that the Prime Minister would see that we have very grave military decisions to make. There are also decisions which have to be made regarding procedure in the United Nations. For this reason, he welcomed free and frank discussion of all points. He did not want to decide these questions before Mr. Attlee's arrival. In this face-to-face discussion, a mutual understanding could be developed much better. The United States has responsibilities in the East and the West. We naturally consider European defense primary, but we equally have responsibilities in Korea, Japan and the Philippines as the British do in Hong Kong and Singapore. It must be clear that we are not going to run out on our obligations even though these are hard to meet. One of the first things to consider was what the attitude is regarding the Chinese Communist aggression in Korea. He hoped that, after full and complete discussion, decisions could be made today or tomorrow. He asked the Prime Minister if he would wish to comment.

THE PRIME MINISTER said that he was very glad to be here and appreciated the President's willingness to see him. He, like the President, felt that they must take a broad view on a wide horizon. A first point was the maintenance of the prestige and authority of the United Nations. (The President expressed agreement.) The United States is the principal instrument for supporting the United Nations, and the United Kingdom is giving what help it can. This problem has now become very difficult with the Chinese Communists coming in. It is common to our thinking that we wish the Korean business to be limited to asserting the authority of the United Nations against aggression in Korea. We all realize that other forces might come in and might bring on another world war. We are very eager to avoid the extension of the conflict. If our forces become engaged in China, it will weaken us elsewhere. (The President agreed.) As the President had said, the United Kingdom and France have other Asian interests, but it would help the Russians if we were fully engaged in Asia. (The President again agreed.) We do not have very great forces. The question is what is to be done. He had hoped that a line could be held, and that an opportunity would be afforded for discussion and perhaps some accommodation. A few weeks ago, we might have played those cards from a stronger hand. We now have a weak hand although we do have future potential strength. There is an obvious time factor. He did not know what the President's view was regarding reinforcements. So far as the United Kingdom is concerned, it would be impossible for them to get any there for several months, and General Bradley had indicated that the question of holding is for a limited time.

We must consider opinion in the United Nations and European, American and Asian opinion. He had been in close touch through all this time with the Asian members of the Commonwealth. If we become involved in war with the Chinese, we must consider what effect that would have on opinion in the United States, Europe and Asia. In his thinking, it was very, very difficult for any of us to contemplate this situation. It would seem to be handing the game over to the Russians. He had tried to look at the matter from the way in which the Chinese felt it. We ourselves look upon it as a stand by the United Nations against aggression. The Chinese Communists are not members of the United Nations and, therefore, are not obligated by any of those considerations. They regard it as action by those forces fighting against them especially the United States. Their attitude seems to include an element of fear, a genuine fear of the United States and of the European nations generally. So long as they are not in the United Nations and while they are feeling flushed with success in China, they feel they are entitled to come in. They want to have the

fullest position of any Chinese government in recent times. They feel strongly about Formosa and a little less strongly about Hong Kong. He doubted if they wanted to throw themselves completely in the hands of the Russians. They would rather feel their own strength and independence.

The Prime Minister had been thinking whether there was some approach by way of discussion. An element of this would be some kind of a cease-fire while our forces are still on the ground. The question then was what the Chinese were likely to demand. There was danger that, if we showed a spirit of accommodation, the price would go up. What they would like to have is recognition as the government of China, settlement of the Formosan question, and settlement in Korea. One could not tell whether they wished all of Korea to be governed by the North Koreans or what solution they sought. He hoped that these questions could be carefully considered today and tomorrow. It was necessary to decide what kind of things we wanted to negotiate and how far we could go. We should consider the limits on negotiation and the method that should be used; for example, whether we should proceed in the United Nations through third parties. The whole matter was serious and very distasteful. The United Nations might lose face, as we all would, especially in the Far East, but we must weigh the advantages on one side and the other. The British people had had to face some hard situations in their history. According to his view, we must not get so involved in the East as to lay ourselves open to attack in the West. The West is, after all, the vital part in our line against communism. We cannot take action that will weaken it. We must strengthen our hand in the West as much as possible.

Secretary Acheson, at the request of the President, commented on the points which had been made by the Prime Minister. In the first place, we had to bear in mind that the central enemy is not the Chinese but the Soviet Union. All the inspiration for the present action comes from there. There has no doubt been some arrangement between the Chinese and the Russians to make the Chinese think they have strong Russian support. While their counterattack goes well, there is little limit to what they will try to do; if they can drive us out, they will do so. No one knows how much further they might be inclined to go. The situation is already serious. Regarding the question of all-out war against China, if this meant land, sea and air action, there were not many of the President's advisers who would urge him to follow that course.

Concerning the Prime Minister's suggestions about arrangements with the Chinese Communists, he was far less optimistic that any-

thing could be done. We did not have an alternative between negotiation and becoming involved in war with China. We are actually involved at this time. We did need to consider the consequences of any actions. Regarding a cease-fire, it would appear to be militarily advantageous to us, although he would defer to General Marshall's opinion on this point. If this was correct, then it would be disadvantageous to the Chinese, and they would therefore not be likely to accept it. There would be some political advantage in suggesting a cease-fire, but if you go into negotiations, the question arises what price will be asked. The Chinese would probably ask for the recognition of their government and seating in the United Nations. They would also ask for concessions on Formosa and might well insist that any Japanese Peace Treaty must be concluded with their assent. The latter point would certainly interfere with our relationship to Japan.

He wished to return again to the attitude of the Chinese Communists. He agreed that they do not think of this as being United Nations action against them. He referred to the editorial which appeared in *Pravda* yesterday, and the theme that the matter should be treated as an issue of military power between the Soviet Union, the Chinese Communists and the United States. The Chinese Communists were not looking at the matter as Chinese but as communists who are subservient to Moscow. All they do is based on the Moscow pattern, and they are better pupils even than the Eastern European satellites. The Russians are no doubt pleased with the idea that we might be fully engaged in war with the Chinese Communists who are acting as their satellites. The questions raised by the Prime Minister were very grave. He referred to the reports of the talks between Sir B. N. Rau and General Wu of the Chinese Communist Delegation in New York.[3] The means we should utilize should be considered in the broadest terms in relation to the whole Far East. If Formosa were turned over as a result of aggression, this fact would be exploited in a most devastating way. It is hard to believe that this is merely a burst of Chinese military fervor; and if we give them Formosa and make other concessions, they would then become calm and peaceful. On the contrary, if we give concessions, they will become increasingly aggressive. We may not be able to do anything about this on the mainland, but we can on the islands.

If we yield to the Chinese Communists, he questioned whether we would be able to keep the Japanese and the Filipinos in hand. The Japanese have been very cooperative, but at that point they might well say they have come to the end. This would have very grave

[3] For documentation on the talks between Sir B. N. Rau of India and General Wu, see vol. VII, pp. 1299 ff.

consequences from the military point of view. The advantages of this course would not be equal to the disadvantages. If no settlement is made with the Chinese Communists, are we worse off than if we do make such a settlement? This depends on what we do next. This moment for negotiation with the communist movement is the worst since 1917. If we do not negotiate and do not have a settlement, what do we do? We may fight as hard as we can in Korea, keeping going as long as possible, punishing the enemy as much as we can. Our negotiating position would be no worse then. If we are pushed out later and cannot hold Korea, we are still on the islands. We must refuse to recognize their gains. We could make as much trouble for the Chinese Communists as possible and hold Formosa, retaining what strength we can. If the Communists are successful in Korea, this may so weaken the French in Indochina that they will pull out. He doubted if any one of the President's advisers would urge him to intervene in that situation.

THE PRIME MINISTER inquired how long the beachheads could be held as an annoyance to the Chinese Communists without too much loss.

GENERAL BRADLEY said it was hard to say. If we have heavy losses in the east, it might be a short time there. In Inchon it might be a matter of weeks or one or two months unless the Chinese launch an all-out attack regardless of loss of life. In that case, they might be able to overrun us in a short time.

GENERAL MARSHALL said that, regarding the northeast sector, in all probability it could not be held and this raised the question of how many units could be evacuated with their equipment. If these forces could be moved to the west, the situation would be better. His own thought was that we should get out of the eastern sector with the least possible loss. The western beachhead should be held till we could see the condition of the units as they are brought back. They have been in constant action since June, and everybody reacts to battle fatigue. We will have to see what our losses are and what help we can give. Probably the best we can do is put in more air; some is now on the way. In December we shall have 23,000 replacements available and in January larger numbers. We are sending matériel out to replace our losses, and in strict confidence he could say that this equipment was being taken from National Guard units on our West Coast. He was much more hopeful than he had been four days ago.

THE PRIME MINISTER inquired what the reaction of the people would be if we continued to hold the beachheads with continuing losses. Wouldn't there be a demand for all-out war against China?

THE PRESIDENT said that such demands are now being made. We need a united effort at home. Huge appropriations are being made.

He hoped that the line could be held in Korea until the situation was better for negotiation. All of his military advisers tell him that there is no chance to do this, but he still wanted to try.

THE PRIME MINISTER said opinions differ on the extent to which Chinese Communists are satellites. He inquired when is it that you scratch a communist and find a nationalist.

THE PRESIDENT believes that they are satellites of Russia and will be satellites so long as the present Peiping regime is in power. He thought they were complete satellites. The only way to meet communism is to eliminate it. After Korea, it would be Indochina, then Hong Kong, then Malaya. There was no chance to approach a solution without seeing clearly the course we should follow. He does not want war with China or anyone else, but the situation looks very dark to him. We can get all-out mobilization very soon, but he does not wish to do that either. He is not shutting the door to negotiations but does not think that they would be successful.

THE PRIME MINISTER remarked that Russia has posed as the friend of Communist China.

THE PRESIDENT said that he thought the Chinese Communists had made up their mind where they were going. They think they will get what they want including a seat in the United Nations and Formosa. He repeated that he was anxious to get all points of view and would especially appreciate those of the Prime Minister.

THE PRIME MINISTER inquired how the Japanese were likely to react.

SECRETARY ACHESON said this depends in the long run to the power relation. Our thinking is that, if we now give up in the Far East, we are through. The Russians and the Chinese are coming in and other Far Eastern peoples would make their best terms with them.

THE PRIME MINISTER remarked that this was the bandwagon psychology.

SECRETARY ACHESON said we would be better off if we took a strong attitude. It was hard to tell whether the Chinese Communists would remain satellites in the long run, but he wondered whether they would not act in the same way now regardless of the answer to that question. It was a mistake to count on their goodwill. It is a saying in the State Department that with communistic regimes you can't bank goodwill; they balance their books every night.

THE PRIME MINISTER expressed agreement. If the Chinese Communists are satellites, they would play the Russian game. If they are Chinese nationalists, they might prefer to get into the club so that if the Russians go too far in Manchuria or elsewhere they would not be already in Russian hands.

GENERAL MARSHALL referred to the several meetings he had with Mao Tse-tung and many more with Chou En-lai when he was in China.

He recalled the latter saying to Mrs. Marshall at the dinner table with great emphasis that there was no doubt they were Marxist communists and he resented people referring to them as merely agrarian reformists. Pictures of Stalin and Lenin were everywhere when he visited their territory. They made not the slightest attempt to conceal their Moscow affiliations. They regarded the Russians as co-religionists. This feeling was thoroughly indoctrinated in their troops.

THE PRIME MINISTER remarked that Tito was also a full communist.

THE PRESIDENT said he relied on the view of General Marshall who had dealt with these people for a year. They are fully tied to Moscow. The Chinese people do, of course, have national feelings. The Russians cannot dominate them forever, but that is a long-range view and does not help us just now.

THE PRESIDENT said that Secretary Acheson had suggested that perhaps it had not been made clear to the Prime Minister that we have made every possible move to keep out of war with the Chinese Communists. We do not want such a war and have shown great forbearance so far in withstanding their attacks. On Wake Island he had told General MacArthur that he wanted to avoid giving any provocation to the Chinese in Manchuria and the Russians in Vladivostok.[4] General MacArthur had agreed and gave his opinion that the Chinese would not intervene. General MacArthur had at that time arranged to shift two divisions to Europe because he was sure the Korean campaign would be cleared up, as it would have been were it not for the intervention of the Chinese Communists. However, they are now in. They intend to push the United Nations out of Korea if they can. He hoped we could find a way to prevent this. We had never taken a move or given General MacArthur an order unless it came from the United Nations. He wished to emphasize that we do not want to act independently. It was for this reason that he particularly welcomed these talks.

THE PRIME MINISTER said that the problem was to find out how best we could avoid playing the Russian game.

THE PRESIDENT said this was exactly right.

GENERAL MARSHALL commented on the Japanese reaction. He had in mind their great triumph for a time and then their collapse. We had been much worse off after Pearl Harbor and had then destroyed them. That memory would influence their reaction. They had a fearful lesson.

THE PRIME MINISTER said it was also necessary to consider the effect of our action on Asiatic opinion.

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[4] For documentation on President Truman's talks with General MacArthur at Wake Island on October 14, see vol. VII, pp. 946 ff.

THE PRESIDENT said this was indeed vital. The trouble was that Asiatic governments seem to condone Chinese action in Tibet and Korea and blame the United States for all that happens. Russian propaganda along this line has even gotten through to India. He had tried to make our position perfectly plain, pointing out that we are not trying to take anything away from anybody but to restore things to those who ought to have them.

THE PRIME MINISTER said that Asiatics think that this is their show. He recalled the attitude which he had found in India almost twenty years ago in regard to the Japanese.

THE PRESIDENT said it was hard to offset this propaganda which had taken hold out there. We had to find a common policy for ourselves and the NAT powers in order to get a common front and must then attempt to keep from all-out war. The Russians only understand the mailed fist, and that is what we are preparing for them. The situation is very serious, and we must find a common course which we can all hold to. He suggested that it might be desirable to continue the discussion tomorrow to see if we could reach a common conclusion which would avoid all-out war.

THE PRIME MINISTER wondered how we could avoid being bled in the East so that we could save the West. It would be wise today to consider the most immediate problems.

THE PRESIDENT said we must make two decisions in a day or two which still leaves us time for some discussion. If an approach is to be made on the question of a cease-fire, this cannot be long delayed.

THE PRIME MINISTER agreed, saying if we delayed very long something would blow up.

THE PRESIDENT then said he wished to read to the Prime Minister certain points as follows:

"1. It would be militarily advantageous in the immediate situation if a cease-fire order could be arranged provided that considerations offered were not so great as to be unacceptable. This might insure full support of the United Nations. Arrangements for a cease-fire must not impose conditions which would jeopardize the safety of United Nations forces nor be conditioned on agreement on other issues, such as Formosa, and the Chinese seat in the United Nations.

2. If a cease-fire should be effected which permits a stabilization of the situation, United Nations should proceed with the political, military and economic stabilization of the Republic of Korea while continuing efforts to seek an independent and unified Korea by political means.

3. If the Chinese Communists reject a cease-fire and move major forces south of the 38th Parallel, the United Nations forces may face a forced evacuation of Korea. The consequences of a voluntary acceptance of a successful aggression and of a voluntary abandonment of our

Korean allies would be such that any United Nations evacuation must be clearly the result of military necessity only."

THE PRESIDENT here interposed that we cannot get out voluntarily. All the Koreans left behind would be murdered. The communists care nothing about human life. The President continued reading:

"4. If the situation in the preceding paragraph develops, the United Nations must take immediate action to declare Communist China an aggressor and must mobilize such political and economic measures as are available to bring pressure upon Peiping and to affirm the determination of the United Nations not to accept an aggression. Also, there is the possibility of some military action which would harass the Chinese Communists and of efforts which could be made to stimulate anti-communist resistance within China itself, including the exploitation of Nationalist capabilities.

In addition to the measures indicated above, the United States and United Kingdom should consult immediately about other steps which might be taken to strengthen non-communist Asia. These steps might include:

(*a*) Restoration of considerable self-government to Japan, the acceleration of efforts to obtain a Japanese peace settlement, the strengthening of Japanese capacity for self-defense, the greater utilization of productive capacity to strengthen the capabilities of the free world, and the prompt admission of Japan into international organizations. United Kingdom reluctance to move on these points should be discarded in light of the new critical situation."

On this last point, THE PRESIDENT said that he attached great importance to this and would like to discuss it at more length with the Prime Minister later. The President continued:

"(*b*) Appropriate military arrangements between nations in Southeast Asia capable of effective mutual support."

THE PRESIDENT wondered whether there was very much that could be done under this point. Continuing:

"(*c*) Special efforts to convince non-communist Asia of the nature of the threat which confronts it and to urge upon the governments concerned the need for concerted Asian action to resist communist aggression in that area."

THE PRESIDENT thought that a good deal could be done on this line. He concluded with the following two points:

"(*d*) Intensification of economic and military assistance to encourage the organization of resistance to communist encroachment.

(*e*) Intensification of psychological and covert activity against communist regimes and activity in Asia."

THE PRESIDENT said that he had been considering some kind of Marshall Plan for Southeast Asia. The ECA had done a lot of good work there. A special plan was now underway for the Philippines to stabilize their situation, and he hoped that it would be rapidly approved by Congress. All of these points were worth consideration and further discussion.

SECRETARY ACHESON said the Prime Minister knows the present position in the United Nations. The six powers have put the item on the agenda and have filed a memorandum without indicating any course of action. We might now put in the 6-power resolution which had been vetoed in the Security Council.[5] It was important to take some action to avoid seeming not to know what to do. Perhaps there should be a resolution just calling for a cease-fire now. It might be necessary to take the position very soon in the United Nations, and this should be done after complete agreement is reached between the Prime Minister and the President.

THE PRIME MINISTER remarked that General Wu and the Secretary General were dining together tonight and something might come out of that.

SECRETARY ACHESON referred to General Wu's statement to Sir B. N. Rau that it took him three days to communicate with Peiping. He said he meant one to Peiping, one to Moscow, and one back. He doubted if much would come out of that approach.

SIR OLIVER FRANKS said that he would like to suggest the points which seemed to him had emerged from the discussion. He would not attempt to assess these points but merely to list them and he hoped he would be corrected if wrong:

1. The military situation is such that we ought to make no assumption regarding prolonged occupation of any area of Korea. We may hold a beachhead for a considerable time but this is not certain. We are therefore holding a position of diminishing strength which cannot last long. In regard to talks with the Chinese, we must assume a position of military weakness.
2. We had been trying to guess what the Chinese were thinking about and what they would do in a negotiation. Would they go beyond Korea to include such questions as Formosa? This inquiry leads us to the problem of the slippery slope and the question where you end.
3. Mr. Acheson had suggested another possibility in which perhaps the military situation would be held as long as possible and until we were obliged to leave so that we would be forced out instead of withdrawing by agreement. In that case, we would not need negotiation

[5] The reference here is to the six-power resolution on Korea, vetoed by the Soviet Union on November 30.

but would need to think what steps we would take against the Chinese who force us out. Then new problems would arise on that line.

4. Criss-crossing these alternatives is the question of a cease-fire which, if obtained at all, must be in the near future. It was not clear to him how that fitted in to the above alternatives, but it seemed to fit into each and ought to be pursued on its own merits.

THE PRESIDENT said this was very clearly put.

SECRETARY ACHESON said it was very accurate. The only question which was posed by Sir Oliver was how a cease-fire fits in. If the United Nations puts forward such a suggestion, the United Nations would have said the Chinese Communists must cease and at the same time would say to the Chinese, "We tell you that our forces will cease fire also." At least that would result in your stopping the killing of people while you talk. We would pay little for that. If they say we should be behind the 38th Parallel, the answer is we soon will be anyway. Such a United Nations position which would be acceptable to us would mean that we are not the aggressors and that we are ready to stop if the Chinese will.

THE PRESIDENT suggested that, if it was generally agreed, the discussion could be adjourned until tomorrow.

SIR OLIVER FRANKS inquired what should be said to the press.

THE PRESIDENT read a draft release. This was discussed by Mr. Ross [6] with Sir Oliver and Mr. Roger Makins, and then adopted with slight revision as follows:

"The President and Prime Minister Attlee conferred in the Cabinet Room of the White House today from 4 p. m. until 5:35 p.m. (Others who were present are listed at the end of this statement.)

In order to give Mr. Attlee the latest information on the serious military situation of the United Nations forces in Korea, the President asked General Bradley to summarize it.

Mr. Attlee and the President then reviewed the general world situation in the light of developments in the Far East. The relationship between these developments and the responsibilities of the two nations in Europe and the rest of the world were emphasized.

The frank discussion which followed revealed the determination of Mr. Attlee and Mr. Truman to arrive at a mutual understanding of the serious problems faced by both the United Kingdom and the United States, as well as by other members of the United Nations. The common ground on which the two governments base their foreign policy was fully revealed.

The Prime Minister and the President will meet again at lunch tomorrow and continue their discussion afterward."

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[6] Charles G. Ross, President Truman's press secretary.

Conference Files : Lot 59 D 95 : CF 49

Memorandum of Conversation, by the Ambassador at Large (Jessup)

TOP SECRET [WASHINGTON,] December 4, 1950—6 : 30 p. m.

Participants: Sir Oliver Franks, British Ambassador
Sir Roger Makins
Mr. Robert Scott
The Secretary
Mr. Jessup
Mr. Rusk

SIR OLIVER FRANKS accompanied by Sir Roger Makins and Mr. Robert Scott came to the Secretary's office for further conversation about the matter discussed between the President and Mr. Attlee.

THE SECRETARY said that there was some point in Sir Oliver's summary during the meeting which he wanted to touch on and to clear up any possible confusion. Sir Oliver had seemed to indicate an understanding that our position was so weak that we had to proceed on the assumption that we were licked in Korea. THE SECRETARY said that he did not take this view and it should not be treated as a foregone conclusion that we are out of Korea. THE SECRETARY then went on to develop our general thought. Foreign policy in the East and in Western Europe cannot be separated. We must have a single foreign policy for both sides of the world. He touched on the problem of American opinion, pointing out that he was not referring to vociferous extremists but to the sound judgement of reasonable people. If we surrender in the Far East, especially if this results from the action of our Allies, American opinion will be against help in the West to those who had brought about the collapse. In order to avoid this kind of reaction we must take a steadfast position in the Far East. He pointed out that he was not falling back on the gild [*glib?*] catchword "my public opinion won't let me". He was, however, appraising an important factor, namely, the trend of general American thinking. He pointed to the size of the effort here in terms of taxes, military service, etc. If as a result of the military defeat in a campaign in Korea we make a surrender which would lose to us all of the results of the Pacific war, American opinion would not accept such a situation.

SIR OLIVER said that he did not dispute the fact that the United States has prime responsibility in the Pacific area and that the UK did not wish to make us weak on the western side of the Pacific. In saying this he referred to our position in the island chain. He accepted the idea that the United States must take a two-ocean view and he did not wish to weaken that approach.

Sir Roger Makins believed that our two countries differ in our estimate of Chinese attitudes and intentions.

The Secretary said that a surrender to the Chinese would probably result in the loss of the island chain to which Sir Oliver had referred. If we surrendered Formosa, the Japanese would react to our surrender to the display of Chinese force. If we give up Korea by agreement the Filipinos and Japanese would run for cover. In this connection the Russian opposition to our proposal for holding the Ryukyus shows a general plan to oust us from our island defenses. The Secretary then read the questions which had been prepared for the President but which the President had not read. (See page 4 of memorandum entitled "Suggested Procedure for First Meeting with Mr. Attlee."[1]) He called attention to the appearance of indecision which would result from a delay by the Security Council and the General Assembly action in the United Nations. The following steps could be considered in the General Assembly. We might go ahead introducing the six-power resolution. We would then be taking the same position we took in the Security Council—no stronger, no weaker. Someone might then introduce in the Assembly a simple cease-fire resolution. We could press ahead with that resolution and get it passed in twenty-four hours, leaving the six-power resolution in abeyance. It is probable the Chinese would not accept the cease-fire and that others would then urge us to pay a price. We should ignore such arguments. If the Chinese do accept, we would reorganize our defenses as vigorously as possible. If thereafter the Chinese attack, we would be in a better world position and if we have to take a Dunkirk we will at least prove that we are not ready to surrender but are standing up to attack. After that we would have to go ahead and make trouble for the Chinese. It would be much easier to hold opinion on that course than by desertion and surrender. We must avoid rewarding the Chinese for their aggression

[1] Not printed; the questions under reference read:

"(1) What is to be our joint attitude toward Chinese aggression in Korea?

(2) How are we to lead the United Nations to face this situation in such a way as not to wreck that organization?

(3) Can we find common policy and action which will reflect the common determination of our two peoples to oppose aggression and thus to prevent the Soviet Union from starting another war?

(4) How shall we satisfy our commitment of honor to the Koreans and thus avoid losing our moral leadership without which we have nothing to offset communist fanaticism?

(5) How can we act in the present situation so as to prevent a collapse of Asian resistance to communist penetration?

(6) How must we act to avoid giving the impression throughout the world that all must now come to terms with communism on the best obtainable basis?

(7) Can we find a course of action which maintains intact our principle of resistance to aggression without committing us to a concentration of effort in a secondary theater in the face of the primary threat of the Soviet Union?"

and equally avoid putting an Army on the Chinese mainland and pulling in the Russian Air Force by all-out bombing of China.

Mr. Rusk called attention to the other affirmative steps in the Pacific which might be taken concurrently. These points had been read by the President during the meeting. (See points *a–e* in memorandum entitled "Korea".[2])

Mr. Scott then spoke about the importance of holding Asian opinion. While he agreed in the course of the discussion that concessions made to the Chinese now would probably not change their general policy, e.g. in regard to Indochina, Malaya, the Huk troubles in the Philippines, etc., there was a chance to reduce the tempo of their activities and this was important. (It was apparent that in the minds of Mr. Scott and of the other UK representatives that "Asian opinion" meant the views of India. They dwelt at some length on the importance of Indian manpower to the UK in previous wars. The Secretary indicated rather strongly his view that the Indians could not be relied upon.)

Sir Oliver stated that it seemed to him that the United States was seeking a middle way between branding the Chinese as aggressors and negotiating with them. In this policy we end up merely by harassing them.

The Secretary pointed out that our experience with the Russians, which should be applied here, showed that their basic theory of negotiating is to exchange something intangible for something tangible. In this case, we might be asked to give up Formosa, which is a tangible asset, in exchange for the hope that we might influence their future conduct.

The Secretary asked Sir Oliver whether after he had talked with Mr. Attlee this evening it would be possible for them to meet again tomorrow morning in order to submit some recommendation to the President and Mr. Attlee for the 2:30 meeting. Sir Oliver doubted whether that would be feasible. He indicated that Mr. Attlee might wish to send a telegram to London. It was generally agreed, however, that it was undesirable to have the meeting this afternoon continue by repetition of the same points and Sir Oliver undertook to com-

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[2] Three copies of the Briefing Book for the Truman–Attlee talks have been found in the Department of State files, numbered 10, 18, and 19, respectively. In the first two, points *a–e* are the same as those read by President Truman (see U.S. Delegation minutes, *supra*); in the third, points *a* and *c–e* are the same but paragraph *b* read: "Further steps to organize collective security in the Pacific on a regional basis." Copy 10 is in file 033.4111/12–3150; the other two copies are in the Conference Files: Lot 59 D 95: CF 49.

municate with the Secretary before lunch in order that the plan for the afternoon meeting could be arranged.[3]

[3] At 10:00 a. m. on December 5 Secretary Acheson reviewed the course of the first meeting and this conversation with Ambassador Franks with top officials of the Department of State. A memorandum of this meeting at which the future course of action was also discussed is in the Secretary's Memoranda: Lot 53 D 444: President Truman–Prime Minister Attlee Meeting. Following the meeting Franks informed Acheson that he had talked with Attlee who concluded that the second meeting should be devoted to some of the short-range problems, and the British Ambassador suggested that the "fundamental difficulties of view" should be faced. Memorandum of conversation, December 5, not printed. (Conference Files: Lot 59 D 95: CF 49).

Conference Files: Lot 59 D 95: CF 49

United States Minutes, Truman–Attlee Conversations, Second Meeting, The Presidential Yacht "Williamsburg," Washington, December 5, 1950, 2: 45–4: 45 p. m.

TOP SECRET
US Min–2

PARTICIPANTS

United States	*United Kingdom*
The President	Prime Minister Attlee
Secretary of State Acheson	Sir Oliver Franks
Secretary of Defense Marshall	Field Marshall Sir William Slim
Secretary of Treasury Snyder	Sir Roger Makins
General Omar Bradley	Lord Tedder
Mr. W. Averell Harriman	Mr. Robert Scott
Mr. W. Stuart Symington	Mr. Denis Rickett
Ambassador at Large Philip Jessup	Sir Edwin Plowden
Amb.-designate Walter S. Gifford	Mr. Kenneth Younger [1]
Assistant Sec. of State Perkins	
Assistant Sec. of State Rusk	
Mr. George Elsey	

[Here follows a table of contents.]

THE PRESIDENT asked Secretary Acheson to open the meeting.

SECRETARY ACHESON said it was hoped that the President and the Prime Minister could give immediate guidance on certain steps which need to be taken in the UN. They had had some talks since the meeting adjourned yesterday afternoon and had some recommendations to submit. The purpose was to get started in the UN. They had already reached agreement on certain matters and had put in the new

[1] Sir Edwin Plowden, Chairman of the Economic Planning Board; Kenneth G. Younger, Minister of State.

item on the agenda. At the same time they had circulated a rather colorless memorandum concerning the item which does not disclose the next steps we will take. Agreement had been reached with representatives of the UK on two further steps. The first step was the reintroduction of the six-power resolution which was vetoed in the Security Council. The main purpose of this step was to hold the international political front. It was difficult to change our position at this stage and while the resolution is not quite responsive to the present situation it shows that we have not gone either backward or forward from our old position. The second step would be a cease-fire resolution which might perhaps be taken up in the General Assembly before the other resolution. This resolution would merely say that the shooting should stop. Further steps beyond this could not be determined until the President and the Prime Minister had finished their discussions. The two indicated steps, however, were recommended. Secretary Acheson then read the specific language of the recommendations as follows:

"1. That the 6-Power Resolution vetoed in the Security Council should be filed and circulated as soon as the six powers can agree on the minor editorial changes to put it in shape for General Assembly action.

2. If a cease-fire resolution were introduced in the General Assembly, the United States and the United Kingdom should, in principle, be prepared to support it."

The Prime Minister asked if it were possible to read the 6-power resolution in question. He thought it might need some amendments to bring it up-to-date.

Secretary Acheson then read the text of the resolution. (UNDoc S/1894) He said it was true that the resolution was now out-of-date but the great trouble was in trying to get agreement on amendments. It was quite clear that it needs some editorial changes; for example, the Korean Commission which is urged by the resolution to proceed to Korea is already there, but if you start to change the text you either must say that the Chinese intervention is aggression which must stop at once or else you weaken the resolution which raises serious problems. There is an advantage in saying that this is the same resolution which was vetoed in the Security Council, subject to minor editorial changes. If we try to wait until we get agreement on a satisfactory new resolution, considerable delays will be involved.

Secretary Snyder said the resolution was appropriate when it was introduced in the Security Council, to which Secretary Acheson agreed.

The Prime Minister asked Mr. Younger, who had just come from the General Assembly, to speak on his estimate of the situation there.

Mr. Younger said that if any resolution was to be introduced, he thought that Secretary Acheson was right in sticking as closely as possible to the previous text. There were a few things which should be altered. For example, the original resolution says that "Chinese Communist military units are deployed for action against the forces of the United Nations" and there were other slight changes such as the one which Secretary Acheson had mentioned. In general, however, this resolution would get support and it would serve to initiate the debate. It would fit the mood of the General Assembly for the next few days.

The Prime Minister said he thought this was quite so.

The President said that while the debate on this resolution was going on the General Assembly itself might put in changes which would make it more desirable.

Mr. Younger commented that the changes might also be less desirable.

The Prime Minister asked what the view was on the timing of this step.

Secretary Acheson said that as to the exact day and hour he thought we should leave this to our delegations at Lake Success. The theory is to get something to show there is no difference of counsel between the UK and the United States and no uncertainty as to what we should do. It should not be put in too soon to discourage those who are talking with the Chinese Communists. We can introduce it and then start the debate as events develop. It might perhaps be introduced tomorrow with the debate started on the next day.

The Prime Minister questioned the title of the original resolution which reads "Complaint of Aggression upon the Republic of Korea".

Secretary Acheson noted the new agenda item which had just been introduced reads "Intervention of the Central People's Government of the People's Republic of China in Korea".

The Prime Minister said he thought the suggestions made were along the right lines.

The President said that this was the only procedure we can follow under the circumstances. It is necessary that we should do something.

The Prime Minister said this would be followed up with a cease-fire resolution.

Secretary Acheson said that this was correct and that we would hope that someone else would put in such a resolution simply calling for a cease-fire and saying that when the Chinese stopped fighting the UN would do the same. This would be put up and passed as soon as possible. The Chinese would know in advance what we were doing

so that they would not be taken by surprise. If we delay the whole problem gets complicated by the question of negotiations.

THE PRIME MINISTER thought this was right.

THE PRESIDENT repeated that this was all we could do under the circumstances and asked Mr. Younger if he had anything to add.

MR. YOUNGER said that he had really nothing to add. The Indians were the ones most likely to introduce the cease-fire resolution. They might want to put more into the resolution in terms of conditions but perhaps it would be possible to persuade them to limit it. This was not a question, however, which could be settled at the present meeting.

SECRETARY ACHESON suggested that Mr. Younger and Mr. Hickerson [2] could settle these details.

THE PRIME MINISTER agreed.

THE PRESIDENT said that if it met with the Prime Minister's approval we would proceed on that basis.

THE PRIME MINISTER asked where we would go from there.

THE PRESIDENT replied that we should hold the line in Korea if that can be done. His military advisers told him that the line was too long to be held with the forces at our disposal. However, we cannot voluntarily back out of Korea. If that is to be the result we must be forced out. He hoped that if there were a cease-fire we could hold the line. He thought that if we abandoned Korea the South Koreans would all be murdered and that we could not face that in view of the fact that they have fought bravely on our side and we have put in so much to help them. We may be subjected to bombing from Manchuria by the Russians and Chinese Communists which might destroy everything we have. He was worried about the situation. He did not like to go into a situation such as this and then to admit that we were licked. He would rather fight it to a finish. That was the way he had felt from the beginning. He would like that to be on the record. He wanted to make it perfectly plain here that we do not desert our friends when the going is rough. He thought that the Prime Minister felt the same way in his heart.

THE PRIME MINISTER said "We're in this with you and we stand together." He spoke of the participation of British forces in the common effort in Korea. He said the question of how long we can hold is a matter of military opinion.

THE PRESIDENT pointed out that we must not give up voluntarily. He was still optimistic that we can hold.

THE PRIME MINISTER said this depended on whether we get a cease-fire.

THE PRESIDENT said this was correct.

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[2] John D. Hickerson, Assistant Secretary of State for United Nations Affairs.

THE PRIME MINISTER said we should try to get some kind of situation in which the whole matter could be carefully considered. He said that the President can understand that the UK stands in with the United States and was with them in this whole affair.

THE PRESIDENT expressed his appreciation for this very fine declaration which the Prime Minister had made.

THE PRIME MINISTER said we would have to watch how the matter goes on the question of a cease-fire but we should be clear in our minds on where we go from there if a cease-fire is accepted.

THE PRESIDENT said that then would be the time for negotiations.

THE PRIME MINISTER said this was true which brought us back to the discussion yesterday on whether we stand pat as Secretary Acheson said yesterday. He wished to ask certain questions. We had started by looking at the immediate position and have decided on the next steps in the UN. While we are partners in this matter and while our position is very important, we must remember that we are acting as members of the UN. What will the UN say next? The UN took a firm line against aggression. It is vitally important to the whole future of the UN that it should not admit any condonation of aggression but we must all admit the limits on what we can do. We were all agreed yesterday on our major strategy in that we do not wish to be bogged down in an all-out war with China.

THE PRESIDENT agreed.

THE PRIME MINISTER continued. We therefore do not want to bomb the industries in Manchuria and the various centers in China. As a matter of fact the Chinese get on without large industrial centers. In this respect they are like the Huns. They can also be supplied by the Russians. He wondered whether it was agreed that we had ruled out that kind of a war.

SECRETARY ACHESON inquired whether we could go along a little further with the development of the Prime Minister's idea.

THE PRIME MINISTER recalled that Secretary Acheson said that if we had to withdraw this should be the result of our having been forced out. Should we then attempt to count our losses or would we be planning to return. He thought that we had little chance of success on that. He also thought there was little chance of success in striking the Chinese elsewhere. Secretary Acheson had said we might be in a position in which while not at war with the Chinese we would not recognize them and would do all we could to impede them. The Prime Minister thought that if we were to do that it must be under some UN resolution which would be difficult to obtain. If one asked what the Chinese would do under these circumstances, the answer would be that they would cause all the trouble they can. If we pulled out of

Korea they would certainly have their armies and could take some of them to Indochina, Malaya, or Hong Kong. One had to consider the balance of forces. He doubted if the Chinese were very vulnerable to the kind of pressure which the Secretary of State had suggested. In regard to a blockade it should be noted that the Chinese were not greatly dependent upon the West and they could hurt us more on this than we could hurt them. It would be very hard to hold our own people and UN opinion on such a policy directed more against the civilian population than against the armed forces of China. We would be led gradually into a shooting war against China or into negotiation. The suggestion which had been put forward seemed merely to hold the line without getting us anywhere. He said that he thought we should talk very frankly about these matters in this meeting.

The President entirely agreed.

The Prime Minister continued that their appreciation of Chinese intentions differed from those of the United States. The United States thinks that the Chinese are completely subservient to the USSR and that they are not only Communists but Stalinists. There was a great difference here. They can be Marxists and yet not bow to Stalin. He agreed that it was quite true that the Chinese are hard-shelled Marxist–Leninists but it was quite possible that they were not Soviet imperialists. There was a chance of Titoism. The case of Tito was of very great importance as Stalin himself thinks. Stalin had gone ahead with his imperialist policy believing that wherever a Communist nucleus was established they had a unit fully subservient to them. In every case where the country owed its delivery to the Soviet and not to its own efforts, as in Bulgaria, Czechoslovakia, and other satellites, this had been true but Yugoslavia was the one case where the people claimed that they had delivered themselves. Accordingly, Tito, while remaining a communist, was not a satellite. The Russians have not given very much help to China. The Chinese do not owe them very much. There is a strong mixture of Chinese nationalism in their communist attitude. One had to recognize that the old Chinese regime had become rotten and corrupt.

The President interposed to say that was true and that was what the Communists had built on.

The Prime Minister said when you have such a regime the Chinese believed that communism offered them the only alternative to the old corruption. He had discussed this situation at length with Nehru.

The President said that he had also.

The Prime Minister recalled that Nehru said that the communists took advantage of economic and social conditions to appear as deliverers. They failed in Europe where the standard of living was high but in Asia they had allied themselves with nationalism. In Burma

and other countries, the UK had allied itself with nationalism and those countries resisted communism. In China all of the conditions were in favor of communism. It is easy to say that China is entirely in the hands of the Russians. This is a fatalistic attitude. At least you can hope that if you back nationalism you can get Chinese imperialism opposed to Russian imperialism. Therefore, the UK had tried to drive a wedge between China and Russia. We cannot lose by trying that. We may be wrong but if so we will find it out. If we can try this without losing too much we may set up China as something independent. China had been made a great power by Franklin Roosevelt.

THE PRESIDENT agreed.

THE PRIME MINISTER said that at the time they had not agreed thinking that China was still an inchoate mass. However, what had been theory had now been accomplished by the Chinese Communists who were emerging as a great power with a strong military force. They had faced Chinese expansionism in Malaya, in the East Indies and in Burma. All over the East the Chinese had expanded as the dominant race. To this factor was now added their military force which gives them to a large extent the leadership in Asia. They had hoped that this leadership would go to India which had absorbed so much of the West. Accordingly, they had tried to create some division between China and the USSR because opinions do change when people get some of their objectives. The Indian nationalists had waged a violent campaign against the British. The British gave them what they wanted and a very considerable change had occurred, and the Indians now recognize the values of western civilization. He had seen a very great change in the orientation of leading Indians. It is not hopeless that the Chinese are not fully imbued with Soviet ideas. They will no doubt go quite a way in the communist direction as the only alternative to a rotten regime. But Chinese civilization is very old and is accustomed to absorbing new things. They may wear the Red flag with a difference. The question was what we could do to prevent the Chinese looking to the USSR as their only friend, as a result of which they would be completely absorbed in that huge land mass. If we say that China is just part of the USSR, we link them together and play the game of Russian imperialism. The longer we can hold out without a major war the more likely it is that people behind the Iron Curtain will object to Stalin's iron rule.

THE PRESIDENT indicated agreement with this last point.

THE PRIME MINISTER wondered whether it was wise to follow a policy which without being effective against China leaves her with Russia as her only friend. This he said represented the general line of their thinking.

THE PRESIDENT asked Secretary Acheson if he cared to comment.

SECRETARY ACHESON said that he would like to make a few comments merely for the purpose of assisting the President and the Prime Minister in building up the background. We did face a very definite fork in the road if a cease-fire is adopted in the UN. If this were accepted by the Chinese Communists, hostilities would stop. Then all of the talk of our possible military action against China would not be in point since we could not start what had been stopped. Under these circumstances, as had been stated, we would enter the period of negotiation. What kind of negotiations would these be? Negotiations on the future of Korea should not be complicated by saying that we cannot start them until we seat the Chinese Communists in the UN and deal with Formosa and similar questions. Korea must be the subject of the negotiations.

THE PRIME MINISTER asked what would come after that. He had not intended to give the impression that he favored delivering all of Korea over to the Communists.

At this point MR. RUSK handed the Secretary a report of a telephone call from Mr. Ross of the United States Delegation to the United Nations which reported that all of the Asiatic states were joining in calling upon the Chinese and North Koreans to issue a statement that they would not cross the 38th parallel.[3] Sir B. N. Rau had asked Mr. Ross to ascertain whether the US and UK would object to this proposal.

SECRETARY ACHESON said that this was a matter which was of sufficient importance to interrupt the discussion and he read the message aloud.

THE PRIME MINISTER asked what Asiatic states were included.

MR. RUSK said he had been told that it included all of the Arab states and the states to the east of them.

THE PRESIDENT asked whether Turkey was included and MR. RUSK said he had no information on that point. In answer to further questions he said that he understood that both Siam and the Philippines were included.

After a brief discussion of the President with his advisers and the Prime Minister with his, THE PRESIDENT said that if this proposal were unanimously made by all the Asiatic peoples and the Chinese refused to accept it would be a favorable development. He thought it would not be wrong for us to accept it.

THE PRIME MINISTER agreed. He said it would revise the timetable we had been discussing. It linked up with the discussion of the cease-

[3] For the text of the appeal by the Asiatic states, see vol. VII, p. 1488.

fire resolution but comes at an earlier point. This proposal might be followed by a proposal for a cease-fire.

THE PRESIDENT agreed.

SECRETARY ACHESON inquired whether we could say we were in favor of the suggestion.

GENERAL MARSHALL remarked that we had not been asked to say we were "in favor" of it but merely whether we saw any objection. He thought it better to phrase any comment in that way.

THE PRESIDENT and SECRETARY ACHESON agreed and said they thought we should say that we do not see any objection.

SIR OLIVER FRANKS inquired whether this proposal was made within the UN framework or outside.

MR. RUSK explained that it was being discussed by delegations to the General Assembly at Lake Success but it was not planned as a resolution to be adopted by the General Assembly. It was framed as an appeal by the delegations.

THE PRESIDENT suggested that they might decide to put it in a resolution.

MR. RUSK said that was not, at the moment, the proposed course.

SECRETARY SNYDER said it was merely a declaration.

SIR OLIVER FRANKS suggested that in transmitting word to New York it would be helpful if word could also be sent to Sir Gladwyn Jebb[4] that the Prime Minister and the President had agreed on this point.

THE PRIME MINISTER inquired whether this action had been taken by the delegations on their own initiative or by instruction of their governments.

SIR ROGER MAKINS thought that they would not have acted without instructions.

MR. YOUNGER said that was true of most of the delegations but some of them are free to act without instructions.

THE PRESIDENT said that he understood there was no objection to the proposal and then called on Secretary Acheson to proceed with his comments.

SECRETARY ACHESON recalled the points he was making were thoughts which had been brought out by the remarks of the Prime Minister. He had remarked that if we got a cease-fire a period of negotiation would follow and the pattern of his thought was that such a negotiation should center on Korea. He would return later to give his reasons for this. If a cease-fire were not accepted and the fighting went on we would hold as long as we could and until we were

[4] Sir H. M. Gladwyn Jebb, British Permanent Representative to the United Nations.

forced out. At that point we would have to consider the possibility whether we would engage in warfare against China or would take some other action which would not be friendly but which would be hostile to China. These indicated the two general courses of possible developments. Before coming to the long-range consideration regarding China, there was one important thing which ought to be mentioned and that was the attitude of the American people. He was not referring to the short-range political activities but to things which were deeply believed by sensible people. As the President said yesterday no Administration in the United States could possibly urge the American people to take vigorous action in its foreign policy on one ocean front while on the other ocean front they seemed to be rolled back and to accept a position of isolation. The public mind was not delicate enough to understand such opposing attitudes and even if it were that difference would be wrong. We were up against a fundamental proposition: if we accepted the proposition that because an aggression is a very large one we can submit to it we have changed our attitude very deeply. This would affect our attitude toward other things. This was not a question of logic but of the very integrity of the people. In common with other members of the UN we went out after a small aggressor. We are now faced by a big aggressor and we have been licked in this campaign. If we face that by saying that we adjust ourselves to it it affects the whole stand of the people. In that case we must adjust ourselves to power and aggression everywhere. This was not the whole story but it was an important point to keep in mind.

The Prime Minister inquired whether we hadn't been forced to an attitude of saying where we could stand. The rape of Czechoslovakia was carried out under legal forms. They were not prepared to go in at that time and had to sit down. When the Berlin Blockade came along we went in. Now that we are involved in a matter including major powers we have to decide where we stand.

Secretary Acheson said there was, however, a great difference between "taking it" and "liking it". There are indeed limits to power and we must adjust ourselves to those limits. Returning to the Prime Minister's remarks on China, he thought that he would not find much disagreement among the President's advisers on many of the fundamental points. He pointed out that he had probably been more bloodied by announcing these views than anyone else. He had stated them in his Press Club speech in January.[5] The question was not whether this was a correct analysis but whether it was possible to act on it.

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[5] For the text of Secretary Acheson's speech before the National Press Club on January 12, see Department of State *Bulletin*, January 23, 1950, pp. 111–118.

THE PRIME MINISTER said this was quite so. He thought we should be clear that the presence of Chiang Kai-shek adds difficult problems. The problem of Formosa would be very different were it not for him. The Chinese Communists regard him as their principal rival but the fact is that he is on Formosa.

THE PRESIDENT said that this was quite a political issue in the United States since Chiang had many converts here.

THE SECRETARY agreed that we must face the fact that Chiang was on Formosa. The question was, however, whether the Chinese would act differently in the time period which was vital to us, namely 1950 to 1954, regardless of what we do to reach a settlement. If we could act during the next four years without vitally affecting our interests then perhaps in ten or fifteen years we might see a change in the Chinese attitude but we do not have that time available. It seemed to him that the Chinese would act in the same way although it had been suggested that there would be a difference of tempo if we now give them all they asked. This might or might not be true. The question was what you have to pay and what the consequences are. If in taking a chance on the long future of China we affect the security of the United States at once, this is a bad bargain especially if our security would be affected by the influence of these steps on Japan, the Philippines and other countries. All that the Prime Minister had said was correct if we had time but we can't buy our way into this poker game; the cost of coming in is too high.

THE SECRETARY stated that he had wanted to give the President and the Prime Minister the flavor of this way of thinking and he also wanted to point out that we must link this problem with the problems of Europe. Whether there was a cease-fire or not a possible line is one not necessarily involving us in the bombing of the Chinese and similar military actions but merely stating frankly that our attitude is one of hostility. For fifty years we have tried to be friends with the Chinese. They have now attacked us with their armies and have denounced us violently. They have done great harm to the work of the fifty years. It may be a decade before the American people are ready to forget it, and to take the attitude that they will overlook this conduct just as if it were a question of the Chinese Communists not having learned to have good table manners. If the Chinese Communists take an attitude of hostility to the United States they will suffer more than we do. Instead of our making an effort to prove that we are their friends we ask them to prove that they are ours. Formosa is too dangerous a thing for them to have to play with. We must hold the islands. We must also proceed with vigor to our armament efforts in Europe. We must settle the questions now in dispute with the French and the

Germans, we must appoint the Supreme Commander and have troops in actual formation rapidly. This would provide a better chance to get our people behind the effort and to draw on the power from the United States which actually is the only source of power. It is vitally important to hold the United States in this effort as such a source. We had furnished these ideas not for the purpose of arguing with the Prime Minister but to bring out certain points.

The President remarked that we could not separate our discussion from the political problems we face. Mr. Acheson had brought out the need to carry our people with us. Our interest in the Pacific is too great to desert Japan, the Philippines, Canada or Alaska and to run out on it because we have been licked in a campaign in Korea.

The Prime Minister said he was very sensible to those points but he would note that it was also important to consider the UN and the importance of Asian opinion.

The President said there was nothing more serious than Asian opinion.

Secretary Acheson suggested that to weaken the security of the United States would be even more so.

The Prime Minister agreed that this was an important part of it. We want to keep Japan and the Philippines, Indonesia, India and Pakistan and all the other Asian powers. We need to hold the line in the UN. He agreed strongly concerning the European question. The best line was to keep marching together. There was, however, a danger of a deteriorating situation in the East. He did not know enough of Japanese feeling to comment upon that. He thought, however, that the Japanese might think America's real objection to meeting with the Chinese was that China was an Asiatic power and that we were not willing to treat them as an equal. Of course, we must consider political opinion in both the UK and the United States. He was frank in saying that opinion in the UK had no sympathy with Chiang Kai-shek or on the question of Formosa. The United States must consider its opinion but both the United States and the UK must act as members of the UN.

Sir Oliver Franks said he thought a good deal had been agreed upon in connection with plans in the UN. If a cease-fire is suggested without strings, we like it. If there is no cease-fire we don't wish to contemplate a voluntary withdrawal from Korea and allowing for our very different roles in Korea, the UK wanted to go along with the United States and therefore their units help to carry out the task. If resistance can be continued in Korea we may get to the negotiating stage later. If the cease-fire were not accepted there would be no chance for negotiations. The Chinese troops, by sheer force of numbers, may

compel an honorable withdrawal. We would not then be giving away. Then the UN and the United States which had suffered most would have done all they could for Korea even though that was not enough. The UN would have failed with honor. It had been said yesterday and elaborated by Secretary Acheson that we should follow up our attitude against aggression with determination to defend Korea as long as we could. We should maintain our attitude against aggression in the face of the greater aggression. In that connection, it had been suggested we should think of economic sanctions and aiding movements in China which might break down the Chinese Communist Government. For his part he was undecided and not convinced now that that attitude and that course of action was in the best interest of all of us. He did not see how even if we were both agreed on this course we could get much UN support. If there is little support in the UN, it is a ground for questioning this policy. It would be hard to go ahead without UN sanction. It would not be easy to bring damage to China quickly. On the other hand, considerable and rapid damage could be done to the UK in Hong Kong and Malaya. Would not the proposed course tend to provoke the Chinese to see what they could do against us in those places. It would increase the tempo of their action and he wondered whether we wished to do this. This made him, and he thought the Prime Minister, doubt whether the policy suggested by Secretary Acheson was the right one to follow. He thought this should be clarified in these discussions. He wished to return to the question of negotiations if there were a cease-fire or if continuing resistance proves to be possible in Korea without a cease-fire. He understood some of the American public opinion which had been referred to and had no comment to make on that. On the question whether or not Formosa should be involved in any negotiation, if he thought that this involved a stride on the slippery slope, he did not want to do that. Another question was Chinese Communist membership in the UN. This would probably come up in any negotiation on the Korean question and many Asiatics would support them. The United Kingdom had followed that position and was not changing it. They might be wrong but the point was bound to arise in any negotiation. He hoped that all views on this question would be brought out.

The Prime Minister noted that these questions were already on the table in the UN.

Mr. Younger said that both the question of seating the Chinese Communists and the question of Formosa were on the agenda but were in a quiescent state.

The Prime Minister said that accordingly, this would not be entering a new negotiation but going on with an old one. He wondered

whether we should not continue to discuss the question of seating the Chinese Communists in the UN.

Secretary Acheson said this was connected with the previous discussion. He did not say very much about it but hoped to provoke General Marshall to speak. He thought that Sir Oliver Franks had very forcibly raised the question of what we did do against the Chinese. He didn't think it was possible to know at this point. One aspect of the present situation was that any one who put up an idea subjected himself to powerful attack. It was hard to suggest any position which could not be successfully attacked. He agreed there might be great trouble in bombing China. This might lead to a chain of circumstances which had to be carefully considered. The question was not so much the ends of a policy but whether you start by accepting the results of aggression and say to the aggressors that they had licked us and can collect their price. Would we go on and say that we are friendly to the aggressors, that we want to trade with them and seat them in the UN? The proposal had that flavor. If there is a cease-fire and a negotiation, the approach should be that we would negotiate on the future of Korea. If the Chinese were intransigent on this point, he hoped that no one would be favorable to seat them in the UN.

The President remarked that this certainly would not be good from the point of view of maintaining our position in American opinion.

Secretary Acheson added that it was not so much the unreasonable political attacks in the United States—the President has successfully bucked that kind of attack, but it was a body of sound opinion on this question to which he had already referred.

General Marshall said that with the failure of the campaign in Korea with the attitude of the Chinese in their triumph and with what goes on behind the scenes, we are greatly weakened if Formosa goes to them. As a military matter only, with Japan to the north and the Philippines and Indonesia, the problem which would confront us would be the driving of a wedge in among these island defenses. They could make it awkward for us and we could be greatly weakened.

General Bradley added that when we started in Korea we had felt we must draw the line somewhere. We may fail in Korea but if so, we must draw the line on Formosa. People could not understand why we changed so much if we yielded entirely.

General Marshall stated that we must look at Formosa as a wedge. We would be taking a step to liquidate our position in the Pacific if we surrendered it. It is hard enough any way to settle the Japanese question. From the military point of view it was very dangerous to give up Formosa. There were other dangers in Indochina, Malaya, and Hong Kong, but if we split the island chain that would really be serious.

General Bradley added that the loss of Formosa would cut our line of communication. Planes which now fly directly from the Philippines to Okinawa would have to detour and would not have the range. The holding of Formosa by the enemy would also supply him with submarine bases and increase the range of their aircraft.

The Prime Minister said these were sound military points but that as a military matter it was not in accord with the Cairo Declaration in which we said that Formosa belongs to China.

Secretary Acheson said this was more of a problem for the UK than for the United States. The United States says it does belong to China and that the Chinese actually have it and are in possession of it. He recalled that the Cairo Declaration also talked about Korea. The Russians and the Chinese were violating the Cairo undertakings about Korea. In effect, they were saying that all their promises mean nothing but that we must give full performance on ours. He recalled that the doctrine of failure of consideration was an old legal proposition. At Cairo we had been talking about another Chinese Government not one equipped with Soviet planes and pilots. This is a very different situation.

Mr. Scott inquired whether it would be possible to separate Formosa from the question of the recognition of Chiang Kai-shek. The arguments on the military aspect of Formosa seemed to him to be very strong ones but Chiang was a definite provocation.

Secretary Acheson said it would be helpful to explore this point and wondered if General Marshall would speak since he was the expert on Chiang Kai-shek.

Mr. Scott said in settling the Korean question we must settle the matter of the Chinese seat in the UN which requires a change in our attitude toward Chiang. At the same time it might be possible to safeguard Formosa. That question could be separated from the recognition of the government.

General Marshall said that from his knowledge he could say that it would be difficult to find a replacement for Chiang with his stature as a leader. It had been brutally evident that there was no aggressive leadership aside from him in his own or in independent parties, except perhaps for Mao Tse-Tung, who was then in the hills. He was now out of touch with the situation but the question depended on who would step into Chiang's place and fill his role vis-à-vis the Chinese Communists. General Marshall had held Chiang free from personal corruption but his followers and party were corrupt. Chiang was well-intentioned and was not personally getting rich but was the victim of his associates with whom he would not or could not break. It might be that the Prime Minister thought that no replacement was needed but then what would happen on Formosa.

Mr. Scott suggested that it might be put on ice with a UN Commission.

General Marshall said that might be all right if you could do it but there would be heavy pressure against you.

Secretary Acheson recalled that we had hoped that the Formosan question could be carried on in the UN but no UN Commission could defend Formosa against the Chinese Communists, only naval and air force could keep them out. There would not only be no right but a positive wrong in doing this. We would be merely going through a form and then letting them take it. He wondered whether the suggestion had been to leave Chiang on the island as a local leader or to take him off.

The Prime Minister suggested that a UN Commission on the island could hold it until the Chinese Communists behave.

Secretary Snyder inquired whether he meant a UN Trusteeship.

The Prime Minister said that he had in mind something like that.

The President said this was worth considering.

Secretary Snyder said this pre-supposed that Chiang would cooperate.

The Prime Minister inquired whether he would not have to do what he was told.

The President remarked that the conversations had been most interesting and constructive. He hoped they would continue. He had to attend a Cabinet meeting at 5:00 and if it were agreeable they would adjourn until 11:30 the next morning and seek to reach agreement on the matters which had been talked about.

Secretary Acheson said there was one matter which he wished to mention before they adjourned. The French Cabinet was to meet tomorrow morning. A proposal had been made that he should write a letter to Schuman explaining our attitudes on the French proposal. The UK had not been sympathetic with this but in our view something must be done to move the matter along. He was sure that the Prime Minister would want to communicate with London on the suggestion and wondered if it would be satisfactory for us to continue talks with Sir Oliver Franks.

The Prime Minister and The President agreed.[6]

Sir Oliver Franks said that the matter was urgent and that they would need to send a cable to Mr. Bevin.

Sir Roger Makins said that only last Monday, Mr. Bevin had spoken in Parliament and there was a very marked difference of opinion in what he had said and in the proposed line. He thought some discussion would be useful. The French position had changed in the last few days. On Saturday they had favored a proposal for a

[6] No record of further discussion between Secretary Acheson and Ambassador Franks has been found in the Department of State files.

High Commissioner as an alternative to a European Defense Minister but now they had swung back to the latter alternative and were asking US blessing on that.

Secretary Acheson said that any solution to move forward was better than doing nothing.

The President said he thought that something could be done. He then read a proposed press statement which was approved by the Prime Minister:

"The President and the Prime Minister held their second meeting this afternoon on board the *Williamsburg*. They resumed their discussion of the situation in Korea and of steps to be taken to meet it.

There will be a further meeting of the President and Prime Minister at 11:30 tomorrow, Wednesday morning, at the White House." [7]

[7] Attached to the source text was a copy of the six-power resolution, U.N. Doc. S/1894, not printed here.

Conference Files: Lot 59 D 95: CF 49

United States Minutes, Truman–Attlee Conversations, Third Meeting, The White House, Washington, December 6, 1950, 11:40 a. m.–12:30 p. m.

TOP SECRET
US Min–3

Participants

United States	*United Kingdom*
The President	Prime Minister Attlee
Secretary of State Acheson	Sir Oliver Franks
Secretary of Defense Marshall	Sir Edwin Plowden
Secretary of Treasury Snyder	Field Marshal Sir William Slim
Secretary of Commerce Sawyer	Lord Tedder
Mr. W. Averell Harriman	Sir Leslie Rowan [2]
Mr. W. Stuart Symington	Mr. Robert Hall
Mr. William Foster	Mr. Denis Rickett
Ambassador at Large Philip Jessup	
Assistant Secretary of State Thorp	
Assistant Secretary of State Perkins	
Amb.-designate Walter S. Gifford	
Mr. Ralph Trigg [1]	
Mr. George Elsey	

[Here follows a table of contents.]

The President said that, if the Prime Minister wished to make a statement, he would be very glad to hear it.

[1] William C. Foster, Administrator of the Economic Cooperation Administration; Willard L. Thorp, Assistant Secretary of State for Economic Affairs; Ralph Trigg, Administrator of the Production and Marketing Administration and Member of the Board of Directors of the Federal Crop Insurance Corporation and the Commodity Credit Corporation.

[2] Sir Leslie Rowan, Minister at the British Embassy.

THE PRIME MINISTER spoke at length following closely a prepared paper (Annex A). He said that they were full of admiration for the great work which the United States was putting into the rearmament effort. They wished to do their full share in the defense effort. The Prime Minister's interpolations as he read the paper included emphasis on the need for going ahead to meet certain immediate difficulties; on the thought that, while the United States was a great producer, the United Kingdom was also; that, unless in our stockpiling program we watch out for the needs of other countries, we will cause trouble for the United Kingdom; while normal discussions must go on through departments and established channels, the point is reached as it was from time to time during the war when something had to be done straight away and special immediate action was required; in regard to machinery for UK–US cooperation, we had the vast experience of the last war and also the men who actually operated the combined boards, so that both the experience and the personnel were already available.

THE PRESIDENT said that he fully agreed with this. The very matter had been discussed at the Cabinet Meeting yesterday afternoon. He fully recognized that our efforts are parallel in this matter, and he had issued instructions last night to the members of the Cabinet who are concerned to get in touch with the Prime Minister's experts to see if we could get the needs of both of us into balance. We must be ready to meet the shortages against the day when the emergency comes about. He would ask the Secretary of State to set out certain views on the question.

SECRETARY ACHESON said that this was a vitally important matter. There must be cooperation between the United Kingdom and the United States as a base for what we do next. We would get nowhere unless we two were together since there was no one else who really understands the problem.

THE PRESIDENT interposed that he wanted to get a concrete agreement before the Prime Minister left, and he wanted to see that this was done.

SECRETARY ACHESON continued that there were, of course, the immediate things such as those the Prime Minister mentioned including sulphur, cotton and zinc. He thought that a group could work over these immediate problems this afternoon and bring back a recommendation to the President and the Prime Minister in regard to it.

At this time, however, he thought it would be useful to state some principles which might guide the Working Group. In the first place, there was the matter of the production of raw materials. We needed to get together to increase production. Some of these raw materials, such as columbium, are under British control, some are under our control, and some are under the control of others. If we can reach agreement in

regard to those that we separately control, we can induce the others to go along.

The second question was the matter of distribution, and on this one needed principles for guidance. The production of military items was a high, if not the first, priority. Then there were vital elements of civilian production and the need for cutbacks. During the war, we used the principle of equality of sacrifice. He did not think this meant numerical equality since the United States standard had been built up higher and we can cut deeper in some cases.

Next, we need machinery. The work of NATO and OEEC was very good and could not be scrapped, but we need some new substitute for the shipping control which during the war enabled us to manage this problem.

In regard to our stockpiling program, the Prime Minister was quite right in saying that it was important to get the facts. He understood we were prepared to give them full information on our plans. We must consider how stockpiling operates as a reservoir for our common defense. Then there was the question of controls which must be administered so as not to bear down too hard on one another and to avoid supplying materials to the Soviet Union. There were also some questions of preclusive buying.

The Working Group this afternoon might consider these plans. Perhaps these were not the right principles or the right points, but he would ask Mr. Symington to make any correction in them. When the Working Group completed its task, he hoped it could bring in to the President and the Prime Minister some Minute which they could approve.

The President then called on Mr. Symington who said that the Secretary of State had set forth the matter better than he could. He did want to mention certain points without going into detail in regard to any item. It was relatively easy to cooperate on some items and more difficult on others. He felt sure that, when the facts were brought out on the stockpiling program, it would be seen that this program had little effect on our economy or on theirs. He thought that we could be mutually helpful in this respect and if the facts were laid on the table we would be able to clear up some of these things, as the Secretary of State had said.

Secretary Sawyer said that he had not been in on all of the conversations and was not familiar with all of the background, but he thought there were areas in which we could help each other. In regard to the first four items submitted in the United Kingdom memorandum, he hoped that it would be possible to report to the President and the Prime Minister. In regard to the Working Group meeting, he hoped that the agenda could include other items which Mr. Symington might want to put on it in addition to the four items raised by the British.

The President said he thought this was quite all right if the Prime Minister were willing. (The Prime Minister agreed.) The President thought they ought to put on whatever had to do with the production problem.

There was then talk back and forth about the British items of cotton linters, zinc and sulphur, and Mr. Symington suggested that they add copper, tin and rubber.

The President repeated that they should discuss anything which we needed to meet the enemy.

Sir Edwin Plowden was called on by the Prime Minister and said there was one point which had not been mentioned by the Secretary of State which had been included in the remarks by the Prime Minister. The Secretary of State had said that the needs of defense must come first. However, there was a difference in the problem confronting the United Kingdom and the problems confronting the United States. This was their economy dependence on imports of raw material and food. They had to pay for these imports, and they could only do it by their export trade or through American financial help. He was sure it would be agreed that they should pay for them themselves through their exports. Accordingly, for their own economic situation the maintenance of the export trade had an equal priority with the defense effort. Without that, they would not be able to maintain their economy and the defense effort itself. He referred to certain difficulties which had arisen in this connection during the war in connection with lease-lend.

Mr. Harriman, in response to a question from the President, said he merely wanted to express the hope that they would concentrate on the ways and means to accelerate production. This was the only way in which to meet the problem in the long run.

The Prime Minister said this was true "in the long run."

The President inquired whether there was any other matter which anyone wished to bring up. He was ready to suggest the names of the people on the American side who would meet in the afternoon.

The Prime Minister thought they had generally agreed on the general line.

The President then said he would like Mr. Harriman to act as Chairman and the others would be Secretary Sawyer; Secretary Snyder; Mr. Symington; Chairman of the Board of Economic Advisers, Mr. Keyserling; Under Secretary of Agriculture, who would be needed to deal with the problem of foodstuffs and cotton in which the British were very much interested; Mr. Foster or Mr. Bissell.[3] He asked if there were any others who should be included.

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[3] Richard M. Bissell, Deputy Administrator of the Economic Cooperation Administration.

Secretary Acheson suggested Assistant Secretary of State Thorp, and inquired whether General Marshall would like Mr. Small, Chairman of the Munitions Board.

General Marshall thought that would be very useful.

Mr. Symington suggested that it would be also well to include Mr. Larson,[4] if the President approved. He also suggested that Mr. Trigg might take the place of the Under Secretary of Agriculture since Mr. Trigg had been in on previous meetings and was thoroughly familiar with the problems.

The President agreed saying that he wanted at the meeting the people who knew all of the facts and who would be able to reach a decision.

It was agreed that, since the President and the Prime Minister are meeting in the Cabinet Room at 3 : 30 p. m., the Working Group would meet in Fish Room across the hall.[5]

At 12 : 30 p m, Mr. Stephen T. Early, Temporary Press Secretary to the President, released the following statement:

"The discussions centered on the economic problems arising from the mutual defense efforts, with particular reference to raw material requirements. It was agreed that the problem of raw material shortages was vitally urgent, and that vigorous efforts should be made to increase production and to assure the most effective use of the limited supplies available.

A wide area of agreement was apparent and a working party (that means a staff force) was established to explore the matter further."

Annex A

Paper Prepared by the British Delegation

SECRET [Washington, December 6, 1950.]

United Kingdom Defence Programme

It is the firm policy of His Majesty's Government to do its full share of common defence. Therefore, H.M.G. is currently putting in

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[4] Presumably a reference to Jess Larson, Administrator of the General Services Administration and Member of the National Power Policy Committee.

[5] The Working Group on Raw Materials, chaired by Symington, met at 2 : 30 on December 6 and at 10 : 30 a. m. and 5 p. m. on December 7. Subcommittees were established to consider the problems of zinc, tin, and rubber; sulphur; and cotton. At the second meeting the United States Delegation tabled a draft statement of principles which was amended and adopted at the third meeting. For the draft statement and final text, see the agreed statement, p. 1787, and footnotes thereto. The United States and British Delegation minutes of the meetings are in the Conference Files: Lot 59 D 95: CF 49 and Department of the State central files 711.41, respectively.

hand orders for our existing £3.6 m. programme as quickly as possible. As regards sharing the economic burden of defence, we rely on the working out of the Nitze exercise. But while this is being worked out, we shall go ahead with orders.

2. But H.M.G. must state quite clearly that no adequate defence programme can be carried out, and still less maintained, except on the basis of a sound, efficient and expanding economy in the United Kingdom, while fully recognizing that this will involve some falling away from the Standard of recovery already achieved.

3. Our economic position is based upon having adequate supplies of raw materials and using them to the best advantage. Without the continuance of these two factors we cannot maintain the growth of production at home. Without the growth of production our defence effort must be seriously curtailed. This is the major point which H.M.G. wishes to bring to the notice of the U.S. Administration. H.M.G. is bound to state that their expectation of supplies of raw materials is such that there can only be a falling away in the level of U.K. production. Unless this position is remedied, and remedied speedily, the U.K. will be able to carry out less rearmament than at present contemplated, not more, and there will be considerable danger of economic dislocation of a major character to the U.K., and therefore to the whole Sterling Area system. What the U.K. Government asks, and asks urgently, is the full co-operation of the U.S. Government in ensuring supplies of raw materials essential to the maintenance of full production and the carrying out of our defence programme.

4. H.M.G. feel bound to stress strongly that the political attitude of the British, and other European people, would be most adversely affected if reduction in output were seen to be caused by physical shortages of raw materials resulting from unilateral U.S. action.

5. H.M.G. recognizes that in present circumstances shortages of raw materials are inevitable and the U.K. is prepared to make the necessary sacrifices. But it must be borne in mind that the room for manoeuvre in the U.K. economy is much more restricted than in that of the United States. Ever since the end of the war, the British people have had severe restrictions on the level of civilian consumption, made necessary in order to achieve economic recovery. They have maintained through this period food rationing, rigid restrictions on building, and a limitation of supplies at home in favour of export markets. Account should be taken of this in any comparison of currently imposed restrictions.

6. The U.K. depends on imports for most of its industrial production and about half of its food. We cannot get these imports without paying for them, and we can only pay for them by our exports. If the supply of raw materials from the U.S. is made conditional on restriction of exports containing such materials, we shall be unable to pay our way, and the stability of our economy will be endangered.

7. H.M.G. does not claim that it should be in any special position compared with other members of North Atlantic Treaty Organisation. H.M.G. fully accepts the strategy of defence as far to the east in Europe as possible. Nevertheless, the facts of the situation are:

(*a*) that the U.K. will be a major production and supply base for any war in Europe,
(*b*) that the U.K. has natural defences against attack which are not possessed by other N.A.T.O. countries in Europe.

We think, therefore, that in deciding on policies in these various fields, due regard should be had to these facts.

8. The problem is both short and long term.

(*a*) *Short Term Problems*

The U.K. is already in serious difficulties with certain essential materials, e.g. zinc, sulphur and cotton, and we are threatened with more serious difficulties, especially in doing the necessary forward planning of production, by actions of the U.S., e.g. on stockpiling and general purchasing policy, on which our information is either nonexistent or insufficient, and which, therefore, leaves us in acute anxiety about our future supplies. We are also much concerned about the attitude of the U.S. Government on exports of materials produced in the United States, e.g. cotton and sulphur. We, therefore, attach a memorandum asking immediate emergency action by the U.S. Government on the following materials: zinc, sulphur, cotton, cotton linters.[6]

(*b*) *Long Term Problems*

Longer term raw materials problems are currently under consideration by O.E.E.C. and will soon be under consideration by N.A.T.O. The broad policy is that on the basis of recommendations by such bodies, appropriate governments should call international conferences to consider methods of dealing with scarce raw materials whether by means of international allocation or otherwise. But the problem is of increasing urgency and it will not be dealt with either adequately or in time unless there is joint Anglo-American agreement on the facts of the situation and on combined action to deal with them. We make the following suggestions:

(i) *Joint agreement on the facts*

We propose that there should be immediate Anglo-U.S. talks to establish the facts. In order that these should be completed speedily, it will be necessary for both countries to state their own military and civilian requirements in detail and to make the best estimates possible of the requirements of other countries, making use of studies already made in O.E.E.C. and elsewhere. In addition, it would be necessary to make the best estimates possible of availabilities.

(ii) *Combined action to deal with the situation*

Each commodity raises problems of its own. We, therefore, wish to consider with the American Government the best method of ensuring coordination between the policies adopted for dealing

[6] Not printed.

with individual raw materials and of giving the necessary impulse to the work. These purposes were successfully achieved by the Combined Raw Materials Board during the last war. Although circumstances are somewhat different, the Combined Board should serve as a pattern for the type of organization required. We suggest that there should be immediate Anglo-American talks on the subject.

9. Pending the outcome of the talks proposed, we ask that the U.S. Administration will ensure that the common interest of maintaining the economic and defence efforts of N.A.T.O. countries, is fully taken into account in framing their policies regarding—

(i) Purchasing policy for raw materials for strategic stockpiling and current use;
(ii) Limitation of non-military domestic consumption of raw materials, and
(iii) Allocation of exports of raw materials as between N.A.T.O. countries, potential allies on the one hand, and potential neutrals and potential enemies on the other.

Conference Files: Lot 59 D 95: CF 49

United States Minutes, Truman–Attlee Conversations, Fourth Meeting, The White House, Washington, December 6, 1950, 3:30–4:35 p. m.

TOP SECRET
US Min–4

PARTICIPANTS

United States	*United Kingdom*
The President	Prime Minister Attlee
Secretary of State Acheson	Sir Oliver Franks
Secretary of Defense Marshall	Field Marshal Sir William Slim
Secretary of the Treasury Snyder	Sir Roger Makins
General Omar N. Bradley	Lord Tedder
Mr. W. Averell Harriman	Mr. Christopher Steel [1]
Mr. W. Stuart Symington	Mr. Denis Rickett
Ambassador at Large Philip Jessup	Mr. John Barnes
Amb.-designate Walter S. Gifford	
Assistant Secretary of State Perkins	
Mr. George Elsey	

[Here follows a table of contents.]

THE PRESIDENT opened the meeting saying our objective is to maintain our front in Europe and at the same time to protect our position

[1] Christopher E. Steel, Minister in the British Embassy in Washington.

in the Pacific. We are almost in the same condition in which we found ourselves in the middle of World War II. We must find a way to make these two situations come out in the right way. As he had said yesterday, we ought not voluntarily to quit in Korea. We cannot possibly let the Philippine Islands become entangled with the Chinese Communists or stand idly by and see Japan absorbed by that outfit. Pending action in the United Nations on the resolution which we have introduced and pending action on the proposal of the Asiatic delegations which we allowed to go in without objection, we will have to see what comes out of these proposals. We would like to have a complete agreement on the European side so that we can go ahead and appoint the Supreme Commander.

THE PRIME MINISTER said that he could not agree more. We have been building up the Atlantic Organization but without getting the bodies actually on the spot.

THE PRESIDENT interpolated that this was correct.

THE PRIME MINISTER continued that what has held us up is the problem of the French attitude regarding the Germans. (The President said he agreed; he understood that point.) The French fear the building up of German strength without having built up ours to balance it. This is their particular worry.

THE PRESIDENT said he quite understood the French position. They have had to face that situation three times in recent history, but they are now faced with a grave menace from the Soviet Union; and if they do not get together with us, they will be gobbled up. We don't want that to happen, as the Prime Minister knew very well because he has faced this situation twice in recent times.

THE PRIME MINISTER said this was quite true. The delays interposed by the French were very exasperating. The Spofford Plan seemed to offer a chance to go ahead. Regarding the French plan for a European Army, he would say very frankly that he didn't think much of it, but the French have got to have some concession. We might let them see if they can fit it in to the main Atlantic plans which they have never fully accepted.[2]

THE PRESIDENT said this was quite true.

THE PRIME MINISTER continued that this depended on the appointment of the Supreme Commander. He quite understood the United States' position to the effect that we do not want to have the Commander-in-Chief left up in the air. If the Commander-in-Chief is appointed first, he would have no forces under him. If the forces were created first, they would have no Commander-in-Chief. The two proposals go together. If something could be done along the line of

[2] For documentation on the Spofford Plan and the French Plan for a European Army, see pp. 1 ff.

the Spofford Plan, that would be very good. But the best results would be obtained from the immediate appointment of the Supreme Commander. The United Kingdom had agreed in principle that there must be a German contribution. This contribution required German consent. (The President commented that this was quite true.) However, in regard to German consent, there was considerable difficulty in view of the difference of opinion between Schumacher and Adenauer. The French were trying to hang this question up on the conclusion of other arrangements which might not be practicable. We cannot let the defense measures be hung up by what he felt might be called a chimerical idea. We must look at the situation today and see what is practical. We must consider what strength we can build up and when we can build it up. The events in Europe have retarded the development of our security and the question now is what we can do about this situation.

The President said that he had agreed with our Field Commander in the East when he had met him on Wake Island to move two divisions to Europe. He asked General Bradley whether this was correct, and General Bradley replied that this was so. The change in the situation in Korea had knocked that out. Our present situation, as General Marshall had told him, was that our only present resource here in manpower was to call out the National Guard. We were now considering the possibility of mobilizing some of them. Of course, they would require further training.

General Marshall said they had expected to send the Second Division to Europe in June, the Third Division in the following summer, and one division from the United States in the autumn. As a result of the developments in Korea, this was now very problematical.

The President said our intention was to strengthen our forces in the occupation zone; and if the French would now be reasonable, we could get the Germans in line and with what they would contribute and the French contribution, we could move along. He asked General Marshall whether it was not correct that the French were planning on ten divisions.

General Marshall replied they were planning on ten divisions with five more divisions later. However, he was much concerned with the loss of officers in the regular establishment through the fighting in Indochina. He was informed that they were losing more officers than they normally had graduating from St. Cyr. The question was what they would have left to train the new divisions in Europe.

The President and The Prime Minister both expressed agreement on the difficulty of this problem.

General Marshall continued that they needed cadres to give stability. If we consider that we have trouble in raising and training our divisions, the French have still more. However, the only way to begin is to commence.

The President said we want to take some action to bring this whole matter to a head, and asked the Secretary of State whether this was correct.

Secretary Acheson said that he wished to report on certain information developed in telephone conversations recently concluded with Europe. He spoke of the letter which it had been proposed that he ought to send to Foreign Minister Schuman,[3] and said that we had sent word that we could give no definite answer until today after the President's talks with the Prime Minister. The French Cabinet had met at 2:30 our time and had approved the Spofford proposals subject to the understanding that the letter would be sent to M. Schuman. They think that this letter will be very important in carrying French opinion. The French will probably accept the suggestions of our Joint Chiefs of Staff on the wording regarding the size of the German units which are to be utilized. Mr. Spofford had put off the meeting of the Deputies until tomorrow in the afternoon. If the French hear that the proposed letter is coming, they will be prepared to carry through the plan in the meeting of the Deputies. The Military Committee might then meet on Tuesday of next week and give their approval. This could be ratified by the Ministers in the Council. If the plan goes through in this way, that would solve the French problem and we could then go ahead with our discussions with the Germans. There are unquestionably difficulties in that negotiation, but we can at least move forward with them and Mr. McCloy [4] and Mr. Steele will know more in detail about that. This procedure gets the Germans in and we are in fact telling the French they should go ahead and if they fail it is not our fault but the fault of someone else. He would like to know whether General Marshall and General Bradley agree with this analysis. He suggested to the President that attention might then be devoted to the magnitude of the British effort in the next two or three years since it is possible that the United Kingdom and the United States may be left alone and our joint effort may be crucial.

General Marshall said that one of the difficulties regarding the approval of the papers on the integrated force and the appointment of the Supreme Commander was that our position seemed quite im-

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[3] A draft of this letter had been sent to Paris in telegram 3097, December 5. This draft with minor textual changes was delivered to Schuman on December 7 and the changes reported to Washington in telegram 3232 of the same date. For the texts of both telegrams, see pp. 523 and 527, respectively.

[4] John J. McCloy, U.S. High Commissioner for Germany.

practical to the Congressional Committees. There was a strong feeling in these Committees that we were not putting up a plan which would work and there was strong pressure behind these views. Unless we can prove that this effort has a reasonable chance of success, we cannot get Congressional approval. Obviously, this requires an indication that we will get German support and French help. This represents our greatest embarrassment aside from our own belief that the question of the German and French contribution is actually at the root of our difficulty.

Secretary Acheson said to General Marshall that he thought the President would like to know whether, if the French difficulty was removed and the Spofford plan was approved, would all of the President's advisers then recommend to the President that he appoint the Supreme Commander.

General Marshall said that was the view of the Defense Department by which he meant himself, General Bradley and the Joint Chiefs of Staff. If a reasonable basis was established, they would go ahead, as for example in the approval of the appointment of the Supreme Commander.

The President remarked that he thought the Supreme Commander, when appointed, would be satisfactory to the Prime Minister since they had had him before.

General Bradley said that the Senate Committee had asked him about this question yesterday. We do not want to make commitments until a satisfactory basis is assured.

The President said that members of Congress had talked in the same way to him. He pointed out to the Prime Minister that his governmental majority in the Senate was only two and that this was a paper majority. It was therefore necessary to convince those on the other side of the aisle that we really do have something which will prove to be sound and satisfactory. He asked General Marshall to comment on this point.

General Marshall said that many of them are worried and hesitate to act until we are sure that we have adequate backing. He pointed out that some of them say that we would be so overwhelmingly outnumbered at the start, the question arose why we should even begin. However, we must start. It is never too late to begin if one is determined. The situation is much like that in 1940. The hesitation of the members of Congress is very important unless you can show there is a real basis for going forward.

The President pointed out that in 1940 we were only one vote away from defeat on the question of putting through Selective Service, which was the heart of our effort at that time.

General Marshall said that, if this measure had been defeated in 1940, it would have meant the complete defeat of our war effort. We commented on the fact that the officers needed to train the new units had to be drawn from the regular Army for the National Guard, and that a change in one vote might have resulted in total disintegration of our war effort. At the present time it was necessary to convince the Congress of the wisdom of the plan which we were proposing.

The President again emphasized the solemnity of the emergency confronting us and our Allies and the need of really making an effort to reach a solution.

General Marshall, returning to the situation in 1940, said that the problem was more than the single vote in Congress since we could not have held up the morale of our armed forces under the circumstances at that time if it had not been that war had suddenly come upon us which settled all of those immediate problems.

The President said we are now trying to avoid that difficulty from arising. There was a great need for the American people making the necessary effort before war developed.

The Prime Minister remarked that the situation was the same in regard to conscription in England. His Government had succeeded in peacetime in putting through a conscription measure which had never before been enacted by any other government in time of peace.

The President said that the situation was the same in the United States. He had asked Congress to enact such measure seven times.

Field Marshal Slim said that he agreed with the views which had been expressed by General Marshall and General Bradley. He had been closely in touch recently with the views of our European Allies. There was nothing we could do to get them to move except through the appointment of the Supreme Commander and the movement of British forces onto the continent of Europe. The appointment of the Supreme Commander was required as soon as that was possible. There was always the vicious circle of the Supreme Commander and the creation of the forces. It was the old chicken and egg proposition. However, we could break this by putting in a Supreme Commander now. He hoped that the President would not consider it as an impertinence if he remarked that the morale in Europe improved immediately when the President announced that the United States would send reinforcements to Europe. It was now known that the United States could not do this, and there was considerable worry as to whether they would do it in the future. He did not think it was important that the divisions sent to Europe should be trained but merely that they should be American divisions. He had been heartened to hear the President and General Marshall speak of sending the National Guard divisions to Eu-

rope. Speaking not as a Britisher but as a representative of Western Union, he pleaded for the sending of divisions. These divisions could be trained quickly in Germany which was one of the best training grounds in the world. After that, we could get around to the difficulties of our Allies and get them going with their plans.

General Marshall said that for the information of the Prime Minister and Field Marshal Slim he would like to recall an experience in World War I when he went to Europe with the First division which we sent over in 1917. Most of the training of our troops then had to take place on board ship. He said we had to take the guns away from the men because they couldn't handle their guns and their feelings at the same time. When they arrived in France, they were met by a French General with a great many medals on his chest. This seemed very impressive to our men who had never before seen so many ribbons. He looked very military, but General Marshall had found out that he was an officer who had been demoted and sent down to this port duty. This French officer approached one of our soldiers and made some remark in French about the weapon he was carrying. The soldier had no understanding of French but immediately handed him his rifle and went off and sat down on a log. General Marshall said it took us one and a half years to correct the impression this had made on the French.

Field Marshal Slim said that nevertheless one shouldn't underestimate the tremendous effect which the appearance of the first American division had in France in 1917. The same effect could be created again.

The President said that we were as vitally interested as they were, if that were possible, in the development of this force in Europe and that we intended to make the effort to support it, and that he didn't mind telling the Prime Minister that this was his intention.

Secretary Acheson said that we were determined to go through with the plan for getting the arrangement approved by the Deputies and the Military Committee. The President said he hoped this could be done quickly so that we can say we are moving forward on the road. If we can have the same assurances from the United Kingdom that he had given to the Prime Minister, we would be able to move ahead. This would have great influence with the Congress. If the United Kingdom and France are prepared to go along with us in our effort, there would be no trouble. He asked General Marshall if he did not agree.

General Marshall said he thought this was correct. He called attention, however, to the problem which existed regarding the special authority of the Supreme Commander. There would be the question

of troops in their own countries under the Supreme Commander and other troops under the Supreme Commander in other countries. This would be going on in time of peace. There would be a very natural difference of opinion in regard to the disposition of these forces. The same situation existed now in the United Nations. There is a real difference of opinion and a real test came with so many associates whom it was hard to carry along in any common decision. We knew that it was hard enough to arrive at joint decisions when there were two of us. This difficulty was enhanced when 49 or 50 nations had to be carried along. He did not know it was not possible to work out a solution. There might be very little embarrassment so long as peace prevailed but it would be hard to carry through the plan in the face of the adversity which undoubtedly we must face at the start. This attitude depended both on the character of the agreement which we made and on the spirit which was behind it. The relations of the United Kingdom and the United States would be one of the most important things in those circumstances.

The Prime Minister said that he thought we could work this out since we had worked out solutions before.

General Marshall remarked that as between the two countries we could work them out behind closed doors, but the general problem was still very difficult.

Field Marshal Slim said it was not really so very hard if our two countries would first agree.

The President and General Marshall emphasized that this was the backbone and the whole basis of our common effort.

Secretary Snyder at this point came into the meeting to report on the discussions in the Working Group which had been appointed in the morning. He said that they had had a very healthy overall discussion. Special task forces had been appointed for each item, namely, zinc, tin, wool, rubber, copper, sulphur, etc. They had reached a decision that we would be able to provide the UK December needs for sulphur and that these would be loaded in bottoms within ten days. The individuals had been named for the various working teams. At 5:00 tomorrow they expected to have a meeting of the full group. Another task force would be looking at the whole world situation. They would consider the rough organizational framework which ought to be set up and this would be referred to the President and the Prime Minister for their final view.

The President and The Prime Minister expressed their appreciation of the progress made.

Sir Roger Makins said that he would like to return to a point that had been discussed and to attempt to secure a clarification. He under-

stood that the Deputies were to meet tomorrow and if the proposed letter were sent from the Secretary of State to Mr. Schuman the French would agree on the text of the plan on all points in a way satisfactory to the United States.

Secretary Acheson said that this was the way he had understood it as the result of telephone conversations.

Sir Roger Makins said that he understood that then the document would go into the Military Committee on Tuesday. If it were approved by the Military Committee it would then be possible to proceed to recommend to the President the appointment of the Supreme Commander and, if he approved, that agreement would then be announced.

General Bradley said that the decision of the Military Committee would not be final until it had been referred back to the Deputies.

Sir Roger Makins asked whether it was true that the approval by the Deputies would be the point at which the United States would be prepared to proceed with the appointment of the Supreme Commander.

General Bradley said that he understood that this would not be final until the Defense Committee met in a week.

Secretary Acheson said it is the Defense Committee which recommends the appointment of the Supreme Commander and other matters which would then be approved by the Council or the Deputies acting in their name.

Sir Roger Makins said that he understood all that would have to take place before an approach was made to the Germans.

The Prime Minister asked whether it was really necessary that the Defense Committee should meet.

Secretary Acheson said that had been contemplated.

General Bradley thought that a meeting of the Defense Committee was required.

General Marshall inquired whether the agreement would be so complete and harmonious that they could secure final action by asking the members to deal with the matter without actually attending a meeting. He pointed out, however, that under the existing procedures it had been necessary for him to call a meeting.

Secretary Acheson thought that it could be done without meeting and that this would save the time and energy of the Defense Ministers.

The President said that he did not see why the whole matter could not be done by telephone at that point.

Secretary Acheson suggested that it might be useful if we could have an exchange of views on the President's military program which he had submitted to Congress for fiscal years 1951 and 1952 and if we could then have a similar indication from the UK.

THE PRESIDENT outlined the supplemental request which he had submitted to Congress for 18 billion dollars for the expenditures of our three services and the purchase of equipment to end up in 1952 instead of 1954. This was a speed-up proposition. At the end of 1952 under this program we would have 3,000,000 men under arms. There would be a corresponding speed-up of purchases and everything else that goes into that picture. The budget for 1952 would contain funds to cover this speed-up.

GENERAL MARSHALL said that under the plans which had been approved by the President they were going on with an acceleration of the effort and that subsequently they would expect to get funds to cover the deficiency.

THE PRESIDENT said that the new program would involve one year's acceleration.

GENERAL MARSHALL agreed.

SECRETARY ACHESON said that he understood that the overall budget would be for a total of 41 billion dollars.

THE PRESIDENT said that this was correct but this was merely for the military part of the budget. He said that they would have to increase the request for the 1952 budget so that it would reach the sum of 45 billion dollars. By that time we would have 3,000,000 men under arms. This was a very considerable force for time of peace.

THE PRIME MINISTER said that their preparations were going ahead. All that was started at this time implied a great increase later on. One must keep looking at that future program all the time.

THE PRESIDENT said that was true and that was just what he was saying in making his request of Congress.

SECRETARY ACHESON asked if he could suggest the importance of examining the British side of the picture. He understood that since the developments in Korea they had increased their budgetary figures. If trouble came to us before the expected build-up in Europe, he wondered whether we shouldn't look at the situation as if we two were left alone.

FIELD MARSHAL SLIM said that the present budget figures contemplated 3,600 million Pounds over a three-year period for the needs of the Army. This would create the twenty divisions which they had agreed to. They expected to meet this requirement in terms of manpower and equipment.

THE PRESIDENT inquired whether there were any way in which they could do it in less than three years.

FIELD MARSHAL SLIM said it was a problem both of equipment and of manpower. Twelve territorial divisions were to be organized by transfer of men who had already done service. This was a slow process.

They could use the reserves who had seen service in the last war. They were making progress on this to the extent of at least organizing these men in terms of finding out who they were, where they are, and then deciding where they should be put in a new army. If they were forced to complete mobilization now they would have to rely largely on the men who had served in the last war. This would lead to a bigger demand for calling up men.

LORD TEDDER said that regarding the air he was not up-to-date on the latest figures. It was a problem of having trained men and the speed at which you could train them both for the ground forces and for those in the air. This question of trained men was the bottleneck. They had approached the solution of this problem by extending military service to two years.

THE PRESIDENT said that he was asking Congress to extend the period of service from 21 to 30 months.

THE PRIME MINISTER said that they were trying to step up their military program.

FIELD MARSHAL SLIM said this was the case and that to contribute to this end they had increased considerably the pay of their armed forces.

GENERAL MARSHALL said that in the last war we had put our Army on what seemed to be a rather opulent basis. This had created difficulties with our allies who found it hard to meet this competition.

THE PRIME MINISTER said that they had raised their compensation tremendously as compared with the situation in earlier periods.

FIELD MARSHAL SLIM said that they had not yet reached the optimum.

SECRETARY ACHESON said that it would be a great help to General Marshall in pushing for his appropriations with Congress if the two countries were making a like effort. As the President had said, we have not approached the point of full mobilization but we were close to it. We could get very great help if we could say that the same effort was being devoted by the only ally whom we could surely count on to really stand up with us.

THE PRIME MINISTER said that this effort required many governmental controls.

FIELD MARSHAL SLIM said that in terms of manpower they were utilizing a percentage of the population very much the same as that which was the goal in the United States.

THE PRESIDENT asked whether there were any further points which it was desired to discuss at this meeting.

SECRETARY ACHESON inquired whether the Prime Minister thought there were any other items on the agenda which they should discuss.

THE PRIME MINISTER said that he would like to ask Sir Roger Makins if he had anything to bring up.

SIR ROGER MAKINS said that he would like to inquire about the matter which was to be discussed among the deputies. He would like to ask about the question of the letter which it was proposed to send to Mr. Schuman. He would say that the emphasis and the approach was different as between the United States and the UK. On the question of a European Army, Mr. Bevin had made a statement in the House saying that HMG do not really feel happy about this proposal but if the French feel strongly about it and can build it up they might help. The proposed letter, however, puts a very different emphasis on the question. It gives a blessing to and encourages the build-up of a European Army and the political institutions which go with it. He had thought at first sight that this had not been an essential element of the Spofford Plan but he now understood from the Secretary of State that it had become a necessary ingredient in the negotiations. He wondered if this was correct.

SECRETARY ACHESON said this was true. He said that this illustrated the old difference in the attitude toward European integration. The British had not felt that this was sound and maybe they were right. The Spofford Plan had separated the idea of a European Army and the necessary institutions which went with it from the immediate problem of going ahead with the defense of Europe. The only way to get the French to come along was not to kill the thing to which they were committed and which they thought was proper. If we should say that we did not share in this view or would not consider it that would create difficulties. On the other hand, we might say that we would help them although any failure in their plan was their fault and not ours. Mr. McCloy had indicated to them that he thought this would help from the German point of view. If we should do this we should do it enthusiastically.

SIR ROGER MAKINS said that he wished to examine the problem the Secretary had posed in the context of the developments existing today. This would put HMG in a difficult position. He laid stress upon the difference in approach between the United States and the UK. He said that this would be taken as a very great innovation and a kind of charter to be used by the French for the future as a bargaining point in Europe. They did not like it in terms of general European policy.

THE PRIME MINISTER said this was quite so and that it created a real difficulty.

SECRETARY ACHESON said that we were so near the edge of the precipice that secondary points must be sacrificed.

THE PRESIDENT said that it had seemed to him that this was a secondary point and that the objective of both of us is to save time and not to delay on a matter of details. He wondered if this was correct.

SECRETARY ACHESON said that was the way it had seemed to him.

THE PRESIDENT said he thought this was our view and also the view of the UK. He hoped that concrete results would come out of this afternoon's discussion, and asked whether there were any further comments.

THE PRIME MINISTER said that he would like to get in touch with London on all of these questions and perhaps they could be reconsidered tomorrow.

SECRETARY ACHESON said that we must send our letter to Mr. Schuman tonight if it was to be done at all because this was too critical a time at which to do it and he wondered if the Prime Minister meant to interpose any objection to this.

THE PRIME MINISTER indicated that he agreed that the indicated action should be taken.

THE PRESIDENT said he thought it was better that we should do it immediately.

Consideration was then given to the following press communiqué which was approved:

"Prime Minister Attlee and President Truman held their fourth meeting in the Cabinet Room of the White House this afternoon from 3:30 until 4:35.

There was a full discussion of problems relating to the defense of the North Atlantic community. The Prime Minister and the President are in full agreement on the necessity of carrying out urgent plans and programs developed by the North Atlantic Treaty Organization. They agreed that along with the other members of NATO, they would go forward with energy in building up the military strength of the Atlantic community."

Secretary's Memoranda: 53 D 444: Secretary's Memos Oct.–Dec. 1950

Memorandum by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET WASHINGTON, December 7, 1950.

After the 9:30 meeting this morning,[1] Mr. Acheson discussed the conversation which took place last night at dinner at Sir Oliver Franks' residence. He said that he would dictate later on the conversation, but would tell us the high points.

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[1] A summary of Secretary Acheson's daily meeting with top officials of the Department of State on December 7, not printed, is in file 110.11/12–750.

The Secretary said that twice before the talk with the President and the Prime Minister, General Tedder and General Slim said to the Secretary that they had muffed the ball on his kick-off on the defense business in the meeting yesterday afternoon. They said it had been hard for them to do anything since their chief did not lead off. They asked Mr. Acheson if there was any way they could retrieve the situation. The Secretary said it was up to them to handle it.

After dinner, Sir Oliver Franks, the Prime Minister, the President, General Marshall, General Bradley, General Slim and Mr. Acheson talked from about 9:30 until midnight. They were joined by others around 11 o'clock.

Both the President and the Prime Minister said they were pleased with the conversations. The British brought up again the defense matter discussed in the meeting yesterday and the Secretary said he did not feel they got very far. The Secretary said to them that there were two points he felt which should be borne in mind. First is that when the British leave, unless the President and General Marshall are convinced that the British are doing all possible in the direction of their own defense effort, the British have not accomplished much here. The Secretary told them that there was a feeling in Washington that the British were not doing all they could do. He said that if the President and General Marshall were convinced that the British were doing all they could, this would help a great deal in meeting the feeling in this country to the contrary.

The second point was that the only way we can do anything with NATO is for the United States and the United Kingdom to go ahead and act and force the others to follow. The Secretary said that he thought much of the talk on these subjects had been off the point. He said he admitted that the British had problems but regardless of the difficulty, the question is whether what is being done is adequate. The British said they understood. There was then much confused talk which the Secretary did not report in detail.

Prime Minister Attlee then said he wanted to raise a difficult and a delicate question. He raised the question of General MacArthur's direction of the effort in Korea. He said that there was a feeling in Europe that General MacArthur was running the show and also a feeling that the other participating countries had little to say in what was done. General Bradley and General Marshall then discussed the matter with Prime Minister Attlee and said that General MacArthur was doing what he was required to do by the United Nations which had given him direction to hold Korea and get elections there, etc. They emphasized that he was doing exactly what he had been told to do by the United Nations. The Secretary said that he did not participate in this portion of the conversation. General Marshall dis-

cussed the joint control by the Department of State and National Defense over General MacArthur's activities. General Marshall said that the British could not say they were not consulted and mentioned the questions of "hot pursuit", bombing of Manchuria, etc., on which consultation had taken place.

The British then proposed some sort of committee to direct the war. General Bradley said that a war could not be run by a committee. He said that decisions with reference to the Korean war must be handled with great dispatch and that a committee would not be able to meet this requirement. He said that if others did not like what was going on, they should say so and they would be given assistance in withdrawing. He went on that if they did not want to get out, they must accept the responsibilities assigned to the United Nations command.

The President then said that the United Nations had asked the United States to set up a unified command. He said that he was in charge and would run it as long as the United Nations wanted him to. He emphasized that he would have to continue running it unless the United Nations asked him not to. He said the orders to General MacArthur now were only concerned with the safety of his command. He said that if others came over to bomb the troops there, the President said that every airfield in sight would be bombed in order to protect our troops.

Mr. Acheson then spoke up and said that there were two things to consider here. The first was the Prime Minister's doubts about General MacArthur. The Secretary said he would stay out of this one. The second was whether the United Nations Command was adequate for what we are doing here. He said that the Korean war was not the only issue here and mentioned the possibility of the conflict being broadened and also the situation in Europe. He said that, so far as the bombing issues were concerned, the Prime Minister and the President were discussing that, and we could not get any higher authority. He said the important thing in regard to Europe was the bearing on the unified command which was under consideration for Europe. He said that if the same kind of concern were going to develop over General Eisenhower as Supreme Commander in Europe, we should know it now. He said that we would not have a Supreme Command if all countries had to be consulted. He said that the important thing was to get someone who was trusted by all. General Tedder said that the Standing Group arrangement in NATO was rather nonsensical. He said that we did not trust the French because of known security difficulties, and that the important thing was that the United States and the United Kingdom stick together, to which all agreed.

During the conversation the President said again that his attitude was that we stay in Korea and fight. If we have support from the others, fine; but if not, he said we would stay on anyway.

L[UCIUS] D. B[ATTLE]

Conference Files: Lot 59 D 95: CF 49

United States Minutes, Truman–Attlee Conversations, Fifth Meeting, The White House, Washington, December 7, 1950, 3: 45–5: 10 p. m.

TOP SECRET
US Min–5

PARTICIPANTS

United States	*United Kingdom*
The President	Prime Minister Attlee
Secretary of State Acheson	Sir Oliver Franks
Secretary of Defense Marshall	Field Marshal Sir William Slim
Secretary of the Treasury Snyder	Sir Roger Makins
General Omar N. Bradley	Lord Tedder
Mr. W. Averell Harriman	Mr. Robert Scott
Mr. W. Stuart Symington	Mr. Denis Rickett
Ambassador at Large Philip C. Jessup	Mr. John Barnes
Amb.-designate Walter S. Gifford	
Assistant Secretary of State Perkins	
Assistant Secretary of State Rusk	
Mr. George Elsey	

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THE PRESIDENT explained that General Marshall had been unavoidably detained but would be there shortly, and he suggested that they proceed with the meeting. If the Prime Minister had any statement to make, he would be very glad to hear it.

THE PRIME MINISTER said that he first wanted to refer to all of the problems connected with the Spofford Plan and to tell the President that they were agreed to go forward at the meeting of the Deputies. He said that this did not commit the United Kingdom to the precise time of the approach to Germany or whether the agreement should be reached through a formal meeting of the Ministers.

THE PRESIDENT said he was very happy to know it.

THE PRIME MINISTER said he would like to return to the Far Eastern questions and see where there were agreements and where there

were gaps in the agreements. He thought they were agreed we did not wish to become involved in a major war with China. We were also agreed that we should hold on in Korea until we are forced to leave. He thought these agreements led us to the point that sooner or later we must somehow get some kind of settlement in the Far East. They were standing on the Cairo agreement. The major point in that agreement was its provisions regarding Korea. These had never been carried out because of the Russian attitude, but the UK still wished to see a unified government in Korea.

THE PRESIDENT interposed that we did too.

THE PRIME MINISTER said that in due course Korea should be free and independent. This was a hard row to hoe and we haven't been able to get it both unified and free. In North Korea the government had become more and more communist, and in South Korea the government which had been set up would as soon as it got into power let its people down badly. It became very corrupt and inefficient. This at least was the general view held in the United Kingdom. It seemed unfortunately true that governments so set up in some places are not the best. They did not expect an ideal government in Korea, but it is still necessary to work for a Korea that will be free and independent. Some kind of settlement was required for this purpose.

Regarding the military situation, he wondered what was the first decision which had to be made. It seemed that we should hold out until we were obliged to get out. A cease-fire may be secured; then we could begin to talk. It was very important that this be regarded as a primary point. This was really a United Nations business, but our enemies are always trying to present the matter as if it were really a quarrel between the United States and China.

THE PRESIDENT said that this was right and we did not want that impression.

THE PRIME MINISTER said that we must therefore keep it on United Nations lines. We must work it out there so that we gradually approach an agreement. He had stated frankly that they thought it was better to have the Chinese Communists inside the United Nations. This question was already under discussion here. It was said that we could not have such a result while they were carrying on war against us. He recalled, however, that he had once had the Prime Ministers of Pakistan and India sitting down around the table and discussing matters quite amicably when they were almost at war with each other in Kashmir. Similarly, they had talked with the Israelis when they were being pretty nasty to the United Kingdom. Talks could not therefore be ruled out on those grounds. We should get to the point where we can discuss these things. We have a slightly different slant

on the matter because of our differing judgments regarding the Chinese. They still felt that, if you rule out full war with China, you are led to some negotiation in some way at some time.

The Prime Minister remarked that the President had thrown out the idea that there might be some continuation of warfare against the Chinese; very frankly, he said, this had not appealed to him very much. He wondered what could be done in the way of economic warfare or subversive activity or through other actions which amounted merely to pin pricks that could really lead eventually to a settlement. Our cards were not good enough to lead to that effect. The policy suggested was for a kind of limited war and this did not appeal to the British people or to the bulk of those in the United Nations. They feared that, if we began on a limited war, this might become full war and thus defeat our objective. Therefore, the Government of the United Kingdom does not approve of limited warfare against the Chinese if this were not directed to the immediate terrain of Korea but became a kind of war around the perimeter of China. If the Chinese were in the United Nations, there might be a possibility of reaching some settlement by discussion. He realized that this might seem distasteful since it might look as if we were climbing down. But if there were to be a settlement, it was better to have it in the United Nations than to have it forced on any one of us individually. In Korea we are acting as servants of the United Nations and the questions must be settled there. If the Chinese Communists were seated in the United Nations, there would be less loss of face for them than if the United Nations were dealing with them as outsiders where they disregard their obligations. If they were in the United Nations, we could use arguments based on the principles of the United Nations which are not so effective when they are outside the club. He said he did not know how far we could go in considering moves in the United Nations which we might not initiate or even bless but which in any case might come along.

Secretary Acheson, responding to an inquiry from the President, said that was a very difficult subject which they had been wrestling with in conversations with Ambassador Franks.

The President said it was political dynamite in the United States.

Secretary Acheson said this was true. One could approach this subject by a series of logical arguments and one could make a persuasive case for a consistent policy based on the Cairo Declaration. In this connection, one could stress that the Cairo Declaration dealt with Korea as much as with Formosa and also contained principles against the use of force. The fact was that we were confronted with a series of dilemmas. It was quite possible to point out the differences,

but that did not provide an escape from the dilemma. Putting the various suggestions to a pragmatic test revealed that the outcome would be one to which both Korea and Formosa became communist. This would give great prestige to the communists and would undoubtedly have a serious effect in Japan and in the Philippine Islands. We were all agreed to make every effort to make Korea unified and free. The trouble is that we may get it unified but that it would not be free. We do not have to accept a communistic Formosa; we have the power to prevent that. This raises the deepest possible problem. The Prime Minister made strong arguments against a limited war with the Chinese. His arguments were worthy of careful consideration. We must think that one out. If we agree not to be involved in war with China, the question is what can you do to the Chinese. It might be very little, but there were other things that we could do in the Far East as, for example, building up Japan as a counter-weight, or strengthening the Philippine Islands or other states in order to encourage their resistance to communism. The problem was to arrive at a sound judgment on the result of the two courses of action rather than to make logical arguments on both sides.

Disturbing things were happening in East Germany. The letter which had recently been sent by the leader of East Germany to Adenauer[1] had a dangerous similarity to the kind of letter which the North Koreans had written to the Government of Korea just before they attacked. They indicated in effect that, if their proposal were not accepted, the choice was between peace and war. While this propaganda is growing in intensity in Germany, Vishinsky is making his speeches in the United Nations saying that our action was the first step to the third World War. We must step up our efforts in Germany and elsewhere.

At the same time, we must estimate where we are going. One had to ask how near we are to war. If we think that the movement is gathering speed and drawing to this conclusion, it would be a great mistake to make moves for unsuccessful attempts to buy off the aggressor just before the crash came. The question was whether you could buy him off or whether you would not merely get more pressure. He did not presume to know the answers and suggested to the President that he would wish to secure additional advice on this point. He would point out, however, that there was a lot of history regarding this sort of attempt. It was not the first time that attempts had been made to buy time from aggressors. The whole proposition of the United Na-

[1] Letter of November 30 from Otto Grotewohl, Prime Minister of the "German Democratic Republic," to Konrad Adenauer, Chancellor of the German Federal Republic; scheduled for publication in volume IV.

tions and of our post-war policy had been not to do that but to say that we would fight it out from the position we had taken. These attempts in the past had not often been successful, and if we tried them now it would be very hard to get the heart in our people to see a rough job through. In fact, such a plan would not work. One could buy some time but it would not be enough. It would only divide our own people and make them feel that we had betrayed our principles and we would have no moral position left if war came. He was not attempting to make a legal argument, although there were lots that could be made. What he would like to do would be to get to the real issue. As a matter of legal argument, one could say, for example in respect to the Cairo Declaration, that we did give Formosa back to the Chinese; do we have to do it again every year? Such arguments were not worthy of this discussion. We may have both negotiation and war and, if this were true, we would not want to have the negotiation. However, if the negotiation would have a profound effect upon the world, certainly one should think it over.

The Prime Minister said, in speaking about negotiations, the Secretary of State seemed to assume that there would necessarily be a retreat all along the line. It might be possible to get an agreement to hold in Korea on the 38th Parallel; on Formosa, one might admit that the Chinese were to get it eventually but that now it should be held in a neutral status. We then would not have given way, but we would get some settlement in the East and would not break our ranks or give up our principles.

Secretary Acheson said clearly, if there were a cease-fire, there would be a negotiation and we would be in the midst of it. If there were not a cease-fire and war goes on and the United Nations forces hold, we may have negotiation at some point or we might sound them out and then see about having a negotiation. We would tend to disintegrate unless we know where we are going. One needed to remember that not all United Nations armistices are firm.

The President said that it occurred to him that, if the Chinese Communists were admitted to the United Nations, we will have a great deal of difficulty with our people. The Russians have been in the United Nations and have constantly given us trouble on a great many subjects including the attempts to get peace with Austria, Germany and Japan, and in connection with their handling of their satellites in Greece and earlier in Iran. It had been the same in Berlin. He wondered whether there was any reason to believe that we would have any closer approach to the Chinese Communists if they were in the United Nations than if they were out.

The Prime Minister asked whether it was any worse having two vetoes than having one.

THE PRESIDENT repeated that he thought it would be no better to have the Chinese Communists in than to have them out. He referred to the way in which they had treated our consular officers in China and the se' are of our property. There had also been various verbal attacks on the United States. He had to admit that all of this had not made him have any friendly feelings toward them.

SIR ROGER MAKINS said it was inevitable and essential that any policy we develop must be a United Nations policy.

THE PRESIDENT said he agreed with this.

SIR ROGER MAKINS continued that, if this were so, then we must carry the majority of the United Nations with our policy. There is a strong sentiment in the United Nations in favor of an attempt to arrive at a negotiated settlement. The Canadians, for example, were strong for it and so were the Asiatics. Many of the Europeans feel the same way. A negotiated settlement may be impossible. If that were true, he did not know what would happen, but we would need the support of everyone we could rally. The question was whether we would get that support without a demonstration of our willingness to get a settlement and an ability to show good sound reasons why our effort had failed. This, he said, was the factual situation. On hard points like the seating of the Chinese in the United Nations and on Formosa and on Korea, actions had already been started in the United Nations. These could be extended and carried forward if that were part of our policy.

THE PRIME MINISTER said that it was true that Russia was a nuisance in the United Nations, but on the whole he thought it was better that they should be in than out. He wondered if the same did not apply to the Chinese. He thought there was a case for seating them in the United Nations.

ASSISTANT SECRETARY RUSK said he agreed with Sir Rogers Makins that we should rally as much support in the United Nations as possible and make every effort to find a settlement. However, the record indicates great doubt as to where we would come out. We have tried many times to find a settlement with the communists in various ways. When Prime Minister Nehru took the initiative in approaching the Soviet Union, Stalin published the correspondence at the wrong time and affronted Nehru. We have tried both direct and indirect approaches to the Chinese Communists. We had suggested that a United Nations Commission should supervise the border. In regard to the bombing incidents on the Manchurian frontier, we had suggested that a commission be sent to assess the damages. When the Chinese objected to that, we sent word privately to them through the Indians and told them that we would be glad to settle for the bombings by having per-

sons go to the spot privately outside the United Nations. He wondered if it was not merely the question of concessions which we were talking about here. We had never said we would not enter into talks with the Chinese Communists. Perhaps if the United Nations knew more of our efforts, their actual attitude might change.

THE PRIME MINISTER said this might be true.

GENERAL MARSHALL said that the problem of world reaction and attitudes in the United Nations were not in his field and it was not for him to discuss them.

SECRETARY ACHESON interposed that General Marshall had been in that field much longer than he had.

GENERAL MARSHALL continued that, if there were any reasonable means by which we could avoid war with Communist China, we would want to take them because we were faced with the threat of a global war. We know we are dealing with people with whom it is almost impossible to negotiate. From the military point of view, it is very dangerous to go on in such a way as to weaken us in the field before we may have to fight. Specifically with regard to Formosa, among our military people some from time to time have said that it was not of great strategic importance to us but that it would become so if it were in enemy hands. It might be all right if it were neutral with Okinawa and the Philippines on each side, but it would be intolerable to have it in enemy hands. If we come out of negotiations with Formosa in hostile hands, we may have irreparably damaged our position in the Far East and in the world at large. It was hard to see how we could successfully negotiate a settlement with the Chinese Communists on these questions without making large concessions. He had nothing very constructive to suggest, but perhaps the passage of time would help us. He pointed out to the Prime Minister that the United Kingdom faced a predicament in Hong Kong but said this was not quite comparable to the Formosan question. The factors relative to a negotiation had already been discussed. We would be in an almost intolerable position if we made a big sacrifice of prestige in the western Pacific and abandoned our express commitment in Korea and also at the same time actually weakened our position. He repeated that he had no constructive solution but thought that a little time would be useful.

THE PRESIDENT said he would like to make a little comment on the Cairo Declaration. This Declaration was made at a time when the Russians, as he recalled, were not at war with Japan and Japan was the overwhelming power in the Pacific; and that our objective, if he read history correctly, was to establish power in the Far East that was friendly to the United Kingdom and the United States to offset the

vicious power of Japan. Now we were almost in the same situation with China, the great power we set up, having collapsed and its place having really been taken by Russia, since they really were Russian and nothing else. When we thought that Formosa was not strategically important to us, we never considered that the Chinese Government would be one which would be very hostile to the United States. There is no question now that it is very hostile to us. We went into Korea in support of a resolution of the United Nations. Fifty-three countries endorsed what we thought was the proper thing to prevent the vicious mistreatment of Korea. We were about to accomplish the purpose which we had started on June 25th. We had suffered some 35,000 casualties. If we surrendered Formosa, we left our flank open. Our position would then be wrecked and so would that of the United Kingdom. He just could not agree to do that, and he was sure the Prime Minister could see why. He said that he wanted peace just as Mr. Attlee did. He was not, however, in any mood for an unnecessary surrender to give in to China which is actually the Russian government. He hoped that time would bring them to realize that their friends are not in Siberia but in London and in Washington.

THE PRIME MINISTER said that he didn't think we would make them realize that by continuing military action against them.

THE PRESIDENT said he quite agreed, but we couldn't leave the Koreans to be murdered.

THE PRIME MINISTER said they were agreed on that question.

The PRESIDENT said if they licked us in Korea that was one thing, but after Dunkirk the British didn't surrender but they took it and went right on. He thought that perhaps we in the United States had inherited from the United Kingdom the spirit of not liking to pick a fight but of standing up to it when it comes to us.

LORD TEDDER inquired what military action in continuation of hostilities was contemplated and what military effect that would have on the Chinese and on our interests.

GENERAL MARSHALL said they had not drawn up any detailed preparations for such action. One suggestion had been for a blockade of the ports and possible air action against critical points. Another suggestion had been for undercover action in South China to make greater difficulties for them than they now have. This was not a proposal to hold the place but to make it harder for the Chinese. He had an open mind on these questions. He did not know how effective the blockade would be nor how soon results would come from any subversive activities. The question which was very much in his mind was the bombing procedure. This is always tangled up with the inevitable loss of civilian lives, which even in the middle of war is a very regrettable business.

General Bradley pointed out there was also a possibility of continuing hostilities in Korea itself.

Lord Tedder thought that would mean a hot war.

General Marshall said that he had not yet boiled down the various considerations in his own mind.

Field Marshal Slim inquired whether this kind of action against the Chinese Communists would not lead the Soviet Union to invoke their treaty with China.

General Marshall said it probably would.

The President said that was what we were worried about.

Secretary Snyder said he could not understand why they could fight us and we could not fight them.

General Bradley said they were actually sending military forces against us and did not call it war, and yet if we drop one bomb across the Yalu they say we are making war against them. It would appear from the way some of our friends talk that there was after all some value to the Soviet propaganda.

The President remarked that there were also some Republicans who talked that way.

General Bradley said that he supposed if they attacked Hong King it would be war, but it was not considered war in Korea now.

General Marshall pointed to the fact that Russian MIG's were taking part in the fighting in Korea and yet it was not considered war. We have to be careful now in regard to carrying the offensive across the river. The question was how much we would be pommelled before we hit back. He recognized that there was a fear of general war breaking out; he shared that fear but felt there were limits. He was inclined to think that the question of carrying bombing against them was too great a risk for small gains.

Field Marshal Slim said that from a military point of view we would seem to gain little from such activities especially if we still had troops in Korea. If Russian air came in we would have to say goodbye.

General Marshall said that it had not been intended to take any such steps until we were out of Korea.

General Bradley repeated this point. He recalled that as the Secretary of State had said, if we take this in the East people will wonder whether we are going to take the same kind of treatment in the West. It would be hard to see the difference.

Field Marshal Slim said that in regard to Formosa he recognized its importance from the military point of view. He wondered whether agreement to engage in negotiations would involve giving up Formosa. He thought we might favor our having negotiation on Korea and the question of seating in the United Nations without dealing with the Formosa question. What he wanted to stress was that we should avoid

a full-scale war which would tie us up in the Far East. He recalled that they also had troops involved there.

General Bradley suggested that if little things brought war then we were going to get into it any way. If we were, there was no point in turning over Formosa with its 300,000 troops; this was not sound from a military point of view.

The President said it was not sound from the political point of view here and that he had to consider the political situation here.

Lord Tedder said that if war started with the Chinese, the Russians might wait in Europe until it suited their book to come in. The Chinese would probably go on attacking Hong Kong and Indochina, hoping our troops would be drawn to Malaya, and at that point there might be a Russian strike in Europe. We must avoid that if we can.

General Marshall said that these suggestions were far away from his thinking. He wanted to avoid war with China. In thinking about the kind of continued action he had referred to, it must be borne in mind that this was something to be considered in case we were kicked out of Korea. We could either go back to Japan like a whipped dog or we could do something about it. This was all that had been thought of. Perhaps the suggested action would not be useful but he still wondered what would happen if we were led into negotiation. If it would bring about an avoidance of destruction that was something else to think of.

Mr. Harriman expressed the opinion that Indochina was worthless in terms of negotiation and for any other reason. There was no reason to think that the enemy would stop there. The question was one of the organization of the free world and the re-establishment of its morale. This could be accomplished only by strong action with a demonstration of strength in the Far East to the limit of our capacity and especially by pressing on with our NATO plans. We can't close our eyes to the Pacific. He doubted whether we could obtain the objectives of the Cairo Declaration. We might get into the situation of paying tribute to the Chinese Communists without getting results. Some of those in the UN hope for easy solutions. Actually the only way is to follow a vigorous policy to strengthen others and preserve a defense in depth in Southeast Asia by economic aid to Indonesia and similar countries, by strengthening the Middle East through our economic programs and mainly by getting ahead with the NATO plans. He wondered how we could do all of that if there were differences between the United States and United Kingdom regarding the East. That seemed to him the most disturbing thing in these talks. From a realistic point of view, he did not think that we could carry the American people in their support of NATO without common action in the East.

THE PRESIDENT said that we couldn't finish the job without some agreement on the Far East. There was a very difficult situation here in the United States and we could hardly talk about negotiating the question of seating the Chinese Communists.

MR. HARRIMAN said that, considering the possibility of war with Russia, our last chance was to act in accordance with the policy which the President had indicated and while we still have time get on with the constructive things which we can do.

THE PRESIDENT asked Mr. Symington whether there were any results to report from the meeting of the Working Groups on raw materials.

MR. SYMINGTON reported that another meeting was to be held at 5:00. They seemed to be getting close together on general policy and both sides felt that there was some help that each could give the other on specific things.

THE PRESIDENT said that if there were no further points that any one wished to bring up now we would resume the meeting at 11:00 tomorrow. He wanted to emphasize the importance of maintaining a solid front. It was very helpful to bring out all viewpoints and approaches. He felt that we must not end these discussions until we come out with a solid front. It would be disastrous if we could not reach accord. He wondered whether there was any desire to continue at that time unless someone had some new ideas to present.

SIR OLIVER FRANKS wondered whether our differences were as great as they seemed. In the first place he said we do not differ on the strategic importance of the island chain. Personally, he thought that the United Kingdom had been strongly moved by the military views on Formosa which had been presented. They were not asking the United States to give up Formosa.

THE PRESIDENT said that he was glad to hear Sir Oliver say this but he had never thought that they were.

SIR OLIVER FRANKS continued that he thought we were agreed on what we hoped to do in Korea. This attitude flowed naturally from the decisions which had already been made concerning aggression. He thought we further agreed that if at any stage we can have negotiations in an honorable way, that we would consider that this was sensible. We were agreed that if there were a cease-fire then there would be negotiations. No one had doubted this. It may well be that even if there were no cease-fire, there might in some other way be a chance for negotiations. He did not at the moment know how that might come about but he thought no one would say "no" to that proposition. If we were not to become involved in a major war, it seemed necessary to find some form of settlement.

THE PRESIDENT interposed that was correct.

SIR OLIVER FRANKS continued that he had no precise idea regarding the time at which there might be negotiation. What General Marshall had said was relevant to this point. They did not argue that negotiations should take place this week or next week but if the opportunity is offered to begin negotiations we should seriously consider it. That did not mean that concessions should be made in advance before we begin negotiations. Nor did he mean to suggest that we should let ourselves go down the long slope of concessions. There was one thing on which they had not convinced the United States as yet and that was the question of Chinese Communist membership in the United Nations. From the British point of view, we did not think that agreement on this involved giving in much because they had been urging it even before the aggression started. They looked upon it as a question of fact and not as a question of whether one liked or disliked the Chinese Communists. They were, therefore, inclined to think of reaching an agreement on that point in negotiations and would not stumble over this difficulty as the United States would.

THE PRESIDENT interposed that this was indeed a vitally important point in the United States.

SIR OLIVER FRANKS continued that other points of difference were less than they had been. He was perturbed by the suggestion that if it was impossible to maintain some military force in Korea, our hostility to aggression would be expressed in some other way against the Chinese than through the continuation of the military action in Korea. That presented an opposite point of view to the one which considered that it was time to make a settlement. It might be that we were both agreed on wanting to reach a settlement in the Far East but from the UN point of view such actions as naval blockade and so on will get us into trouble as we have pointed out on both sides.

THE PRESIDENT agreed.

SIR OLIVER FRANKS continued that he thought it had been helpful to them to find that this point had not yet been settled. They were not pressing for negotiations at any price.

THE PRIME MINISTER said this was right.

SIR OLIVER FRANKS said he thought we were agreed on the prices which we should not pay. The development of a new situation changed our willingess in regard to paying the prices which we had been willing to pay months ago. Nevertheless, we should not neglect an opportunity for settlement if one were possible. Regarding the admission of the Chinese Communists to the United Nations, he thought there was not a great difference of approach but only one of emphasis. He thought that as time moved on our differences could be dissolved and that we would find a way. He was optimistic that we would be able to think up some idea for a solution, for example, in regard to Formosa. As a result of talks they hoped that the United States would weigh

the views which had been expressed on behalf of the United Kingdom with the problem of some decent negotiation.

THE PRESIDENT said that their views undoubtedly helped; the area of difference was not as great as had appeared.

THE PRIME MINISTER agreed that this was the case.

THE SECRETARY said that he hoped we could get on with the area of agreement. We were agreed that we must move forward with the resolution in the United Nations. A cease-fire was more likely if we keep a unified front and move forward. The United Nations now thinks there is uncertainty and difference of opinion between us. This impression centered on views which had been expressed by members of the Commonwealth—for example, Canada. We were now going ahead, especially with Canada, regarding the desirability of pushing for the six-power resolution. He hoped that we would move on steadily with this resolution but not too fast. Hesitation or delay would give an impression that we were nervous. He wanted to point out that all through the Korean affair we had been careful not to tell the truth about the Russian role in this matter. This put us at a great disadvantage and in a position of weakness. The Russians have a great advantage in their propaganda in saying this whole thing is an aggression by the United States and that it is not a United Nations action. When we have to say that this is just a matter of some North Koreans or of Chinese we are backing away from the real fact. We must not allow the Russians to appear as a disinterested friend of the Chinese, if we go into negotiations instead of having it plain that they are the ones who started the whole aggression. He called attention to the Russian attitude on the appeal of the group of Asiatic powers and said the Russians had by posing as a disinterested by-stander kicked the stuffing out of them. We must consider not formal steps to brand the Russians as aggressors but to say we understand this business that is going on; we understand that this is all Russian action and not just Chinese action. We did not need to decide this now but we were coming close to the time when we must remove the "fig leaves" as the expression was used in the State Department.

THE PRESIDENT suggested that perhaps if the Prime Minister agreed this was the time to adjourn.

The following communiqué was then mutually approved:

"The President and the Prime Minister, with members of their respective staffs, met at the White House at 3:30 this afternoon to continue their exchange of views on the broad aspects of the present world situation. This meeting is to be continued tomorrow morning to permit the two heads of government to consider reports which will be brought in by the groups working on raw materials.

A Joint Communiqué will be issued at the conclusion of this meeting."

At this meeting, the Prime Minister handed to the President for consideration a document entitled "United States and United Kingdom Liaison Arrangements". (This document is attached as an annex to the minutes of the sixth meeting.[2])

[2] *Infra.*

Conference Files : Lot 59 D 95 : CF 49

United States Minutes, Truman–Attlee Conversations, Sixth Meeting, The White House, Washington, December 8, 1950, 11:15 a. m.–1:20 p. m.

TOP SECRET

US Min–6

PARTICIPANTS

United States	*United Kingdom*
The President	Prime Minister Attlee
The Vice President	Sir Oliver Franks
Secretary of State Acheson	Field Marshal Sir William Slim
Secretary of the Treasury Snyder	Sir Roger Makins
Attorney General McGrath	Lord Tedder
Postmaster General Donaldson	Sir Leslie Rowan
Secretary of Interior Chapman	Sir Edwin Plowden
Secretary of Commerce Sawyer	Mr. Robert Scott
Under Sec. of Defense Lovett	Mr. John Barnes
Under Sec. of Agriculture McCormick	Mr. Denis Rickett
General Omar Bradley	
Mr. W. Averell Harriman	
Mr. W. Stuart Symington	
Mr. William Foster	
Ambassador at Large Philip Jessup	
Amb.-Designate Walter S. Gifford	
Asst. Sec. of State Thorp	
Asst. Sec. of State Perkins	
Asst. Sec. of State Rusk	
Asst. Sec. of Commerce Blaisdell	
Mr. Ralph Trigg	
Mr. George Elsey	
Mr. Steven Early	

[Here follows a table of contents.]

THE PRESIDENT opened the meeting by saying to the Prime Minister that General Collins, Chief of Staff of the Army, had just returned

from a trip to Japan and Korea. They had begun these discussions with a briefing on the military situation by General Bradley and if the Prime Minister thought it would be useful he would ask General Collins to give a briefing on the situation as it stands now.

General Collins said that he had just returned from the four or five-day trip in which he had first gone to Tokyo where he had talked to General MacArthur. He then flew to Seoul where he talked to General Walker and went on up to the western front, which at that time was somewhat south of the river. He talked to the Commanders in the field. He then flew to the Hungnam area to see the operations of the Tenth Corps and talk to General Almond. He said that as the result of his conversations, he felt that General Walker's Command, if not pinned down to any particular directive requiring him to hold the Seoul area or any other particular spot, could gradually withdraw in an organized way to the Pusan area. Pusan was an excellent port where we already had large supplies. The two-track railroad to Pusan was in excellent condition. The Eighth Army was not in danger. They were falling back now to a position north of Seoul. The ROK units were in contact only with small North Korean elements. He felt confident about the general position of the Eighth Army. He spoke of the shift in the position of United States, United Kingdom and Turkish elements in the general redeployment of the forces. He said that the United Kingdom forces had not been badly hurt. The Turks had given a very good account of themselves and had been rather badly hurt in the action. Our Second Division had suffered rather severe losses and had lost a good deal of equipment. The second Division and the Turks were now being refitted north of Seoul.

Turning to the eastern front, he said that the Seventh Division, which had been up on the Yalu, was now all back in the Hamhung bridgehead area, except for two battalions which were with the Marines south of the reservoir. He had flown out to the area where the Marines were fighting and at first they had had good weather and had been able to see the operation but a snow storm had then begun and they were only able to see part of it. He explained that the Marines had not yet started down the precipitous slope which lead from the plateau area on which they were to the valley below. Forces had been despatched northward from the bridgehead to make a junction with the Marines. In his opinion if we had any kind of a decent break in regard to the weather which would permit the operation of our air force they had a good chance of getting back. The Chinese were making a very strong effort to bar their progress but we should be able to get out if air cover can be supplied. He pointed out also that our artillery was now within range of the area involved to support the evacuation. The column had its tanks with them and the operation

was being well handled. He said that General Almond feels he can hold the bridgehead, including the airfield and the two cities of Hamhung and Hungnam for a considerable time with air cover and could evacuate the forces without serious loss. If Russian air came in in strength, this would pose a more serious problem. General MacArthur's plans, pending any political decision requiring a modification, were to withdraw the Tenth Corps to the Pusan area perhaps dropping small units at Pohang which would then move inland. From a military point of view, he said that all considered, it was far sounder to go to Pusan than to try to go across to form a junction with the Eighth Army. He felt, and the Commanders in the field agreed, that we could hold a position somewhere south of Seoul. He did not think that we could hold the Seoul area itself but perhaps could fall back to a position behind the Han River or hold on the Naktong River front. In summary, from a military point of view he could say that our troops were not in a critical condition today. The position of the Marines, however, was serious. He thought, however, that the Tenth Corps could be concentrated in the Hamhung area and could be withdrawn. He thought further that a junction could be made with the Eighth Army and that they could hold the Pusan bridgehead indefinitely.

THE PRESIDENT said that they could then resume their discussions which had been adjourned yesterday and asked the Prime Minister if there was any statement he wished to make.

THE PRIME MINISTER stated that he would like to say something about the question of raw materials. He then read the following statement:

"On raw materials we asked for certain emergency short term action. The consultations we have had and which we shall have in the future are a great advance. It has been accepted around this table that the US and the UK form the core of the free world. But I must say quite frankly that unless we can get more of the raw materials which I have specially mentioned, we shall not be able to do as much as we would wish to do in the common defence effort. We have emphasized the whole way through that the maintenance of our economic strength is the basis of our defence effort and that it is the condition of our being able to do the job we want to do and you want us to do. I hope, therefore, Mr. President, that you will be able to make this contribution to our common effort.

You have also asked us about certain raw materials. We are looking into the questions you raise urgently. I can, however, say on rubber that we agree in principle on the objectives which you have put before us. We are not the only Government concerned and we must carry the others with us. But we will do our utmost to work with you towards a solution. It would, of course, be proper that any arrangement to deal with rubber should be part of a general arrangement to deal fairly and sensibly with other critical materials.

On the longer term aspect I am very glad that we have reached agreement on the way we want to go. I think that we should attempt to keep the central body to the smallest possible number of members: say, yourselves, ourselves and France. This membership follows the precedent of the Standing Group. These is a danger that the central body might easily become so large as to be unmanageable. We must recognize, however, that this will be a grave disappointment to certain countries, especially Canada, and we may have to consider her claims. Our discussions have been in terms of raw materials, and it is my understanding that this body will not cover food or oil."

THE PRESIDENT asked Secretary Snyder if he had any comment.

SECRETARY SNYDER said Mr. Symington had been in charge of the Working Group on this question but he himself agreed with the Prime Minister. The immediate matters were well underway and task forces had been assigned to work on each particular item. He was happy to report that real progress had been made. We had recognized our reciprocal interests and were going ahead in a positive way. We were trying to work out agreements on each commodity. Concerning the long-range considerations, he thought that any central committee should be set up on a restricted basis. If it were large it would merely engage in talk and not get results. We ought to start with a minimum number rather than any final thought or decision on who needed to be consulted. He considered that the Prime Minister's suggestion of starting with the three countries was a good one and that when they took up specific items they could *ad hoc* bring in producing countries that were particularly concerned. He suggested to the President that Mr. Symington and Mr. Harriman might have something to add.

MR. SYMINGTON and MR. HARRIMAN said there was nothing they wished to add.

THE PRESIDENT said it then appeared that this part of the work had been a very successful conference for both of us.

SECRETARY ACHESON raised the question of the final communiqué and suggested to the President that the group was too large to draft it.

THE PRESIDENT said clearly that the whole group could not engage in drafting. He told the Prime Minister that he would name the Secretary of State and any one that he wished to work on the matter, if that was agreeable to the Prime Minister. It was not possible to work out a draft in the entire meeting.

THE PRIME MINISTER agreed and said that he would designate Sir Roger Makins to assist with the drafting on their side. He then referred to a paper which he had handed to the President yesterday on the question of perfecting the liaison between the United Kingdom and the United States (Annex B) [*Annex A?*]. He wondered whether

the President had had a chance to look at it. He had not proposed any formal arrangement but merely some informal steps.

The President said that he thought the general idea was a good one but he had had no chance to talk about it with General Marshall yet but that he would do so.

The Prime Minister asked Sir Roger Makins if he could report on the present state of the communiqué.

Sir Roger Makins said that a text was nearly ready to look at and that he thought they had no particular points to raise at the moment.

Secretary Acheson suggested that the drafting group could look at the issues involved and bring back to the President and the Prime Minister any points requiring their decision.

The President said the drafting group could get to work at once and then submit the results to the Prime Minister and to him. If the Prime Minister had not yet met the Vice President and the members of the Cabinet who were present this interval would give an opportunity to talk with them about various matters.

The Vice President said that he had had the pleasure of meeting the Prime Minister some time ago and that he had spoken to him this morning and was glad to say that he found him even younger and more handsome than he had been five years ago.

In response to a question from the President, Secretary Acheson said he would designate Assistant Secretary Perkins to take charge of the work on our side.

The President asked the Prime Minister whether there was anything else he wished to bring up at the moment.

The Prime Minister replied he thought things were pretty well covered.

Sir Oliver Franks said that all of the things they had wanted to bring up had already been covered and he thought in a very satisfactory way. They had nothing new to bring up at the last moment.

The President said that he had nothing new in mind but that he did not want to cut off the discussion if the Prime Minister had wanted to raise anything else. The talks had been very satisfactory from his point of view.

The Prime Minister said that he felt the same way.

The President said we now know where each other stands and commented that the military report which they had had from General Collins gave a more satisfactory presentation than they had had before.

The Prime Minister agreed.

The President said that it was hard in such a military situation for those of us who are sitting at desks to know just what the situation is in the field. He recalled how in various military situations there is a tendency first to have one's feelings very high up and then very

low down. He did not think that we were going to be kicked out of Korea.

The Prime Minister said that we must take a stand and see what happens. No rapid judgment should be made in a fluid situation.

General Bradley remarked that on the basis of the present situation we were at least not forced to negotiate under pressure.

The President and the Prime Minister agreed.

The Vice President inquired whether the line that General Collins had referred to could be held by the forces already in Korea or whether we would have to send more.

General Bradley said that we could hold it with the present force supplemented by the normal flow of replacements.

The President said that was very encouraging. The situation was not as gloomy as it had appeared on the day when the discussions had started. It was very satisfactory to hear from a man who had just been on the spot.

The Prime Minister said that this was very good indeed.

There then ensued general conversation around the table in the course of which the President asked the Prime Minister to excuse him for a few minutes and withdrew from the room.

The President returned to the room at 12 : 35 and at 12 : 50 the drafting group returned with its text and the conference resumed.

The President said that if it was agreeable to the Prime Minister he would ask someone to read the communiqué all the way through after which we could discuss the different points.

Secretary Acheson suggested that Mr. Perkins, who had been in charge of the drafting, should read it.

Mr. Perkins read the communiqué.

Secretary Acheson interposed at one point to ask the President whether he could raise a question then or whether the President wished the reading of the communiqué to continue and then to raise the questions.

The President said he would prefer to come back later to specific points.

The President then said there were a couple more sentences on which he and the Prime Minister had agreed and which were to be included in the communiqué. He then read the sentences dealing with the atomic bomb as they appear in the final communiqué. The President said we should find the proper place to insert them.[1]

The President then asked Secretary Acheson if he wanted to bring up the point he had raised on the part dealing with the question of seating the Chinese Communists and Formosa.

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[1] See vol. VII, p. 1462.

Secretary Acheson said there were two questions regarding the language which he would like to raise. In the present text, the explanation of the reasons for the United States not wishing to seat the Chinese Communists representatives in the United Nations was put in terms of our recognition of the Nationalist Government. He proposed the following substitute language: "The United Kingdom has recognized the Central People's Government and considers that its representatives should occupy China's seat in the United Nations. The United States has opposed and continued to oppose the seating of the Chinese Communist representatives in the United Nations."

The Prime Minister said that this alternate language was satisfactory.

Secretary Acheson also called attention to the sentence which said that the decision on Chinese representation was, of course, a matter for the United Nations. He said this was obviously true but the question arose why it was inserted. It must have some significance. Some people might interpret it as meaning we don't like this situation but it is a fact. It was either a statement of a platitude or it had some special significance which was not apparent and he thought it was better to leave it out.

Mr. Harriman said that this was especially true since the thought was already expressed in the first sentence.

The Prime Minister agreed that the first sentence did carry the same idea, and it was agreed to delete the sentence in question.

Field Marshal Slim wished to raise a question regarding the sentence about the appointment of the Supreme Commander. He hoped this could be modified to read: "It is intended that this appointment will be made soon." People in Europe are waiting for a definite decision on this point.

Secretary Acheson said that he had no objection to the thought which the Field Marshal had advanced, but his language would sound as if the President and the Prime Minister were announcing the intention of all of the NATO countries.

The President remarked that he was very anxious to appoint the Supreme Commander.

Secretary Acheson suggested it might be possible to say: "It is our joint desire that this shall be made soon."

The Prime Minister, Field Marshal Slim and Sir Roger Makins all expressed approval, and The President agreed.

The Prime Minister said that in the next to the last line in the sixth paragraph he would like to take out the word "world" before "peace." As the sentence now reads, it sounds as if we were anticipating the outbreak of world war.

The President agreed.

Secretary Acheson said to the President that it was recommended that the statement on the atomic bomb be inserted in the middle of page 7. In this context it would avoid having the statement refer to any particular part of the world whether Europe or the Far East. It comes in a section dealing with general military capabilities.

The Vice President asked that the statement on the atomic bomb be read again, and The President read it. The Vice President wondered whether the statement meant that only the Prime Minister would be informed and no one else.

The President pointed out that the Prime Minister represented the country which was especially helping us with raw materials and the general defense effort. He understood that the insertion was satisfactory.

The Attorney General pointed out that on page 3 the language did not correctly state the purpose of the mission of our troops in Korea. They had been sent there not to unify Korea but to resist the aggression. The language in the communiqué did not sound as if this were true.

Mr. Harriman said he thought this was a very important point.

The Prime Minister and The President agreed.

Secretary Acheson suggested substituting the words "to end the aggression" but thought that the drafting group could fix it up. (There followed an exchange of suggestions in which Mr. Harriman, the Prime Minister and others participated ending in an agreement on the text.) The Secretary said that Mr. Early had pointed out a possible misunderstanding beginning at the bottom of page 6 where the text said that the President and the Prime Minister had "reached the following decisions." Actually, this referred to only two conclusions and not to the balance of the paper. The two conclusions might be numbered.

The President and The Prime Minister agreed.

Mr. Harriman said the Attorney General suggested in the fourth line from the end on page 3 that the word "joint" be inserted so that the phrase would read "For our *joint* part we are ready . . ."

The President said that he and the Secretary of State did not think that the insertion of this word added anything.

Secretary Snyder agreed and The Attorney General said he would not press his point.

The President said that the word had better be left out and The Prime Minister said it was not necessary to put it in. The President said it would therefore not be inserted.

The Prime Minister then returned to the question of the place in which the statement on the atomic bomb would be inserted. He won-

dered if it would not be better to insert it between the ultimate and penultimate paragraphs.

Sir Oliver Franks added that if this were agreeable to the President they would be happy to have it in that place.

The President agreed and said the insert should be put in the place indicated by the Prime Minister.

The President then asked whether there were any other suggestions. If the Communiqué was now satisfactory, it could be agreed upon.

Mr. Harriman said he thought there might be some concern in this country about the statement on page 9 which merely said: "We are fully conscious of the increasing necessity of preventing materials" reaching our adversaries. There was some feeling that this statement might create a good deal of discussion in the United States because of the strong feeling that we ought to do something about this problem.

The President thought that the language was all right as it was. He said that actually we are doing something about it.

As the meeting closed, The Prime Minister thanked the President for his kind hospitality and for the way in which the President and his colleagues had received the Prime Minister and his associates.

The President responded by referring to his statement that this had been a very productive and successful conference.

(Final Communiqué attached.[2])

Annex A

Paper Prepared by the British Delegation

SECRET [Washington, December 7, 1950.]

U.S. and U.K. Liaison Arrangements

1. Owing to the global responsibilities of both countries and to the relatively large part in relation to countries other than the U.S.A. which the U.K. has to play in the common effort, it is appropriate that close relationship should be maintained between U.S. and U.K. representatives at all levels and in all fields.

2. This relationship, which follows naturally from the exchange of views between the President and the Prime Minister at the present meeting, should be of an informal, though regular character.

3. It should not prejudice the formal relationships which the U.S. and U.K. and other countries have with each other in virtue of their

[2] Printed separately, *infra*.

membership of the United Nations, North Atlantic Treaty Organization and other international organizations.

4. A liaison problem arises in several contexts notably Atlantic defense and planning for defense against world wide aggression. For both purposes a valuable step would be closer informal contact between U.S. and U.K. military authorities. As regards strategic control it is felt that whatever ultimate organization is required in war, the necessary first step would be to recreate a close and regular link between the British Chiefs of Staff and the American. It is not proposed that this link should be formalised at present or that there should be any large or formal exchange of papers and agenda etc. It is merely proposed that there should be a regular weekly meeting and special *ad hoc* meetings in times of particular emergency between the representatives of the British Chiefs of Staff in Washington and the American Chiefs of Staff. In view of the success of recent talks in which, in addition to the Chiefs of Staff, representatives of the British Embassy in Washington and the State Department were present, it is further suggested that political representatives should attend some, at least, of the regular meetings proposed.

5. Similar problems arise in the economic field. Arrangements are currently in hand for dealing with some of the economic aspects of defense in international organizations and conferences and it is not suggested that any formal U.S./U.K. relationship should be established which would interfere with these arrangements, or with other arrangements which may be made in the future for the establishment of commodity boards. But in this field also, in view of the major role which the U.S. and U.K. will have to play, it is desirable that there should be informal and full discussion before either country commits itself to particular policies or plans.

It is hoped that the President will agree that the Prime Minister and himself should give appropriate directions to their respective authorities to establish liaison arrangements on the general lines proposed in this note.

Conference Files : Lot 59 D 95 : CF 49

Final Communiqué Agreed To by President Truman and Prime Minister Attlee [1]

SECRET [WASHINGTON,] December 8, 1950.

Since Prime Minister Attlee arrived in Washington on December 4, six meetings between the President and Mr. Attlee have been held.

[1] Released to the press by the White House on December 8.

Among those who participated as advisors to the President were the Secretary of State Dean Acheson, the Secretary of the Treasury John W. Snyder, the Secretary of Defense General George C. Marshall, the Secretary of the Interior Oscar L. Chapman, the Secretary of Commerce Charles Sawyer, the Chairman of the Joint Chiefs of Staff General of the Army Omar N. Bradley, Mr. W. Averell Harriman, the Chairman of the National Security Resources Board W. Stuart Symington, and Ambassador designate Walter S. Gifford. Mr. Attlee's advisors included the British Ambassador, Sir Oliver S. Franks, Field Marshal Sir William Slim, Chief of the Imperial General Staff, Marshal of the Royal Air Force Lord Tedder, Sir Roger Makins and Mr. R. H. Scott of the Foreign Office and Sir Edwin Plowden, Chief of the Economic Planning Staff.

At the conclusion of their conferences, the President and the Prime Minister issued the following joint statement:

We have reviewed together the outstanding problems facing our two countries in international affairs. The objectives of our two nations in foreign policy are the same: to maintain world peace and respect for the rights and interests of all peoples, to promote strength and confidence among the freedom-loving countries of the world, to eliminate the causes of fear, want and discontent, and to advance the democratic way of life.

We first reviewed the changed aspect of world affairs arising from the massive intervention of Chinese communists in Korea. We have discussed the problems of the Far East and the situation as it now presents itself in Europe. We have surveyed the economic problems and the defense programs of our respective countries, and particularly the existing and threatened shortages of raw materials. We have considered the arrangements for the defense of the Atlantic community, and our future course in the United Nations.

The unity of objectives of our two countries underlay all the discussions. There is no difference between us as to the nature of the threat which our countries face or the basic policies which must be pursued to overcome it. We recognize that many of the problems which we have discussed can only be decided through the procedures of the United Nations or the North Atlantic Treaty Organization.

The peoples of the United States and the United Kingdom will act together with resolution and unity to meet the challenge to peace which recent weeks have made clear to all.

The situation in Korea is one of great gravity and far-reaching consequences. By the end of October, the forces of the United Nations had all but completed the mission set for them by the United Nations "to repel the armed attack and to restore international peace and

security in the area." A free and unified Korea—the objective which the United Nations has long sought—was well on the way to being realized. At that point Chinese communist forces entered Korea in large numbers, and on November 27 launched a large-scale attack on the United Nations troops. The United Nations forces have the advantage of superior air power and naval support, but on the ground they are confronted by a heavy numerical superiority.

The United Nations forces were sent into Korea on the authority and at the recommendation of the United Nations. The United Nations has not changed the mission which it has entrusted to them and the forces of our two countries will continue to discharge their responsibilities.

We were in complete agreement that there can be no thought of appeasement or of rewarding aggression, whether in the Far East or elsewhere. Lasting peace and the future of the United Nations as an instrument for world peace depend upon strong support for resistance against aggression.

For our part we are ready, as we have always been, to seek an end to the hostilities by means of negotiation. The same principles of international conduct should be applied to this situation as are applied, in accordance with our obligations under the Charter of the United Nations, to any threat to world peace. Every effort must be made to achieve the purposes of the United Nations in Korea by peaceful means and to find a solution of the Korean problem on the basis of a free and independent Korea. We are confident that the great majority of the United Nations takes the same view. If the Chinese on their side display any evidence of a similar attitude, we are hopeful that the cause of peace can be upheld. If they do not, then it will be for the peoples of the world, acting through the United Nations, to decide how the principles of the Charter can best be maintained. For our part, we declare in advance our firm resolve to uphold them.

We considered two questions regarding China which are already before the United Nations. On the question of the Chinese seat in the United Nations, the two governments differ. The United Kingdom has recognized the Central People's Government and considers that its representatives should occupy China's seat in the United Nations. The United States has opposed and continues to oppose the seating of the Chinese communist representatives in the United Nations. We have discussed our difference of view on this point and are determined to prevent it from interfering with our united effort in support of our common objectives.

On the question of Formosa, we have noted that both Chinese claimants have insisted upon the validity of the Cairo Declaration and have

expressed reluctance to have the matter considered by the United Nations. We agreed that the issues should be settled by peaceful means and in such a way as to safeguard the interests of the people of Formosa and the maintenance of peace and security in the Pacific, and that consideration of this question by the United Nations will contribute to these ends.

The free nations of Asia have given strong support to the United Nations and have worked for world peace. Communist aggression in Korea increases the danger to the security and independence of these nations. We reaffirm our intention to continue to help them.

The pressure of communist expansion existed in Europe and elsewhere long before the aggression against Korea, and measures were taken to meet it. The need to strengthen the forces of collective security had already been recognized and action for this purpose is under way. Clearly, decisions regarding the Far East have their repercussions and effects elsewhere. In considering the necessities of the Far Eastern situation, we have kept in mind the urgency of building up the strength of the whole free world. We are in complete agreement on the need for immediate action by all the North Atlantic Treaty countries to intensify their efforts to build up their defenses and to strengthen the Atlantic community.

We recognize that adequate defense forces are essential if war is to be prevented.

Accordingly, we have reached the following conclusions:

1. The military capabilities of the United States and the United Kingdom should be increased as rapidly as possible.
2. The two countries should expand the production of arms which can be used by the forces of all the free nations that are joined together in common defense. Together with those other nations the United States and the United Kingdom should continue to work out mutual arrangements by which all will contribute appropriately to the common defense.

We agreed that as soon as the plan now nearing completion in the North Atlantic Treaty Organization for an effective integrated force for the defense of Europe is approved, a Supreme Commander should be appointed. It is our joint desire that this appointment shall be made soon.

In addition to these decisions on increasing our military strength, we have agreed that the maintenance of healthy civilian economies is of vital importance to the success of our defense efforts. We agreed that, while defense production must be given the highest practicable priority in the case of raw materials whose supply is inadequate, the essential civilian requirements of the free countries must be met so far as practicable. In order to obtain the necessary materials and to devote them as rapidly as possible to these priority purposes, we have

agreed to work closely together for the purpose of increasing supplies of raw materials. We have recognized the necessity of international action to assure that basic raw materials are distributed equitably in accordance with defense and essential civilian needs. We discussed certain immediate problems of raw materials shortages and consideration of these specific matters will continue. We are fully conscious of the increasing necessity of preventing materials and items of strategic importance from flowing into the hands of those who might use them against the free world.

In the circumstances which confront us throughout the world our nations have no other choice but to devote themselves with all vigor to the building up of our defense forces. We shall do this purely as a defensive measure. We believe that the communist leaders of the Soviet Union and China could, if they chose, modify their conduct in such a way as to make these defense preparations unnecessary. We shall do everything that we can, through whatever channels are open to us, to impress this view upon them and to seek a peaceful solution of existing issues.

The President stated that it was his hope that world conditions would never call for the use of the atomic bomb. The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation.

In this critical period, it is a source of satisfaction to us that the views of our governments on basic problems are so similar. We believe that this identity of aims will enable our governments to carry out their determination to work together to strengthen the unity which has already been achieved among the free nations and to defend those values which are of fundamental importance to the people we represent.

Conference Files : Lot 59 D 95 : CF 49

Statement Agreed To by the American and British Representatives on the Working Group on Raw Materials

TOP SECRET [WASHINGTON, December 1950.]

Summary Minutes of Conversations by the Working Group Representing the United States and the United Kingdom To Examine Problems of Materials in Short Supply at the Direction of the President and the British Prime Minister During Their Conversations of December 5 to 8, 1950.

It was agreed that the supply of raw materials is of vital importance to the success of the mutual defense programs and the maintenance of healthy civilian economies. Towards the solution of this problem

each country agreed to use its best efforts both to increase production and to assure the most effective use of the limited supplies available.

In view of the wide-reaching character of the raw materials problem, it is evident that international action is required to deal with it effectively. The time has passed for meeting individual commodity situations as they arise by means of *ad hoc* conferences, and machinery must be established as quickly as possible to operate on a continuing basis. It was agreed that this machinery should take the form of a small central body responsible for assuring action in this field, which should when appropriate establish commodity groups designed to assure representation of the various countries particularly concerned in each instance.[1]

Particular emphasis should be laid on increasing the availability of raw materials in short supply as a means of assuring not merely the production under the military programs but the meeting of the demands for civilian consumption.

It was agreed that the maintenance of economic strength is the basis of adequate defense efforts.[2] Where available raw materials are inadequate to meet all demands, highest practicable priority must be given to the needs of current military production. Where civilian consumption must be reduced, requirements essential to the operation of civilian economies in all of the free nations should be met so far as possible.[3]

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[1] In the draft referred to in footnote 5, p. 1743, this sentence read:

"It was agreed that this machinery should take the form of a small central committee responsible for assuring action in this field, which should establish a series of commodity committees designed to assure representation of the various countries particularly concerned in each instance."

[2] In the draft referred to in footnote 1, this sentence was not present.

[3] On January 4, 1951, the Department of State submitted to the National Security Council for its information the text of this statement. It was given the series indicator NSC 93/1.

Editorial Note

The Truman–Attlee talks were discussed by the National Security Council at its 74th meeting on December 11, and at the request of President Truman the Department of State prepared a report for the Council recording the results of the talks. This report, designated NSC 93 and dated December 12, not printed, incorporated the substance of the Final Communiqué and the agreements and disagreements that emerged on various policy questions during the course of the conversations. Documentation relating to these develop-

ments, including the text of NSC 93, is in the Executive Secretariat Files.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM AMENDING THE AGREEMENT OF JULY 6, 1948

[For text of Agreement effected by exchange of notes signed at Washington January 3, 1950, which entered into force on the same date, see *United States Treaties and Other International Agreements* (UST), volume 1, page 184.]

AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM RESPECTING A UNITED STATES EDUCATIONAL COMMISSION IN THE UNITED KINGDOM

[For text of Agreement, amending the agreement of September 22, 1948, as amended effected by exchange of notes signed at London January 20, 1950, which entered into force on the same date, see 1 UST 279.]

AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM RESPECTING SETTLEMENT OF FINANCIAL ISSUES ARISING FROM BIZONAL FUSION IN GERMANY

[Agreement implementing the Bizonal Fusion Agreement of December 2, 1946, as amended and extended. For text of Agreement effected by exchange of notes signed at Washington June 28, 1950, which entered into force on the same date, see 1 UST 540.]

AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM RESPECTING THE BAHAMAS LONG RANGE PROVING GROUND

[For text of Agreement and exchange of notes signed at Washington July 21, 1950, which entered into force on the same date, see 1 UST 545.]

AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM RESPECTING LEASED NAVAL AND AIR BASES

[For text of Agreement modifying articles IV and VI of the agreement of March 27, 1941, effected by exchange of notes signed at Washington July 19 and August 1, 1950, which entered into force August 1, 1950, see 1 UST 585.]

VATICAN

THE QUESTION OF POSSIBLE ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH THE HOLY SEE

120.265A/1–1950

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

SECRET [WASHINGTON,] January 19, 1950.

Subject: Resignation of Myron C. Taylor,[1] and future relations with the Holy See.

Mr. Myron C. Taylor's resignation and termination of his mission confront the United States with three alternative courses of future action:

1. Appointment by the President of another personal representative to His Holiness;
2. Establishment of normal diplomatic relations with the Holy See;
3. Permitting all ties with the Vatican to lapse.

A fourth possibility, which has on occasion been suggested, is that the relations of the United States with the Holy See could adequately be handled through the Embassy to the Italian Republic in Rome. The Vatican has consistently refused to accept such an arrangement by any country, on the ground that it would constitute violation of the principle of separation of Church and State as embodied in the Lateral [*Lateran*] Treaties of 1929.

Decision among these three courses of action must take into account both foreign and domestic factors. The Department is competent to discuss only the former.

Insofar as foreign relations considerations are concerned, the Department believes that the second course, resumption of normal diplomatic relations, is desirable. Should other factors dictate adoption of the first course, however, it is not believed that the United States would lose any advantage which it has enjoyed in the field of foreign relations through Mr. Taylor's representation.

Formal relations with the Holy See were terminated in accordance with an Appropriation Act of June 30, 1868. The Legal Adviser of

[1] Myron C. Taylor, Special Representative to the Holy See since 1939, had resigned on January 18, and on the same day President Truman had accepted his resignation. For the texts of his letter of resignation and President Truman's acceptance, see Department of State *Bulletin*, January 30, 1950, pp. 181–183.

the Department considers that the Act of 1868 was repealed by the revised statutes.

1. *Appointment by the President of another personal representative of His Holiness.*

Appointment of another personal representative of the President would enable the President to maintain a personal contact with the Pope, in matters of particular concern to them as individuals, each a Chief of State and each the leader of a large number of people. In the Department's experience, the arrangement now terminated has not, however, provided adequately for maintaining full consultation and liaison between this Government and the Holy See in matters in which the foreign interests of the United States are deeply involved. Recent experience has shown that the Vatican exerts great influence on other Catholic nations of the world in support of its own interests, with the result that those nations in some instances pursue courses in opposition to our own. In such instances it has been most difficult to bring about a change of attitude through diplomatic pressure on the countries concerned, and virtually impossible to take the matter up directly with the Vatican. It is recognized that a personal representation in the future might be so arranged as to avoid this difficulty.

2. *Establishment of normal diplomatic relations with the Holy See.*

Establishment of normal diplomatic relations and thus of a continuous channel for conveying the American viewpoint and American policies to the Holy See would be of some assistance in securing the influence of the Holy See on 300,000,000 Catholics throughout the world in support of our objectives, and, to some extent, on the thirty-eight governments who now maintain diplomatic relations with the Holy See.

Such continuous exchange would also, given the influence of the Holy See with the other American republics, contribute toward Western Hemisphere solidarity.

It is well known that the Holy See is vigorously engaged in the growing fight against Communism, and direct relations would assist in coordinating efforts to combat it, particularly in the ideological field.

Continuous diplomatic relations would further give us an opportunity to supplement our own sources of information throughout the world, since the Vatican Secretariat of State is undoubtedly one of the best informed in the world.

The Department of State believes that the Vatican would welcome the establishment of diplomatic relations with the United States at

this time. This point would have to be ascertained authentically prior to any public official discussion of the matter in this country.

3. *Severance of all ties with the Vatican.*

The complete termination of any relationship between the United States and the Holy See would deprive us of the advantages noted in respect of (1) or (2) above. It might, furthermore, be misunderstood by or misinterpreted to many millions of Catholics in countries now suffering under totalitarian oppression, who look to the temporal leadership of the United States as well as to the spiritual leadership of the Catholic Church for hope and inspiration. It would be difficult to explain to them that termination of the relationship implies no lessening of the interests of the United States in their eventually regaining freedom, especially in view of the content and tone of the published exchange of letters between the President and Mr. Taylor on the latter's retirement.

While establishment of normal diplomatic relations would be preferable from the foreign policy point of view, the foreign considerations are probably less important than the avoidance of religious controversy in the United States and the President may well wish to base his decision primarily on domestic considerations.

120.265A/2–1650

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State [1]

SECRET [WASHINGTON,] February 16, 1950.

Subject: Relations with the Holy See and with Leaders of Protestant Faiths

In response to your inquiry,[2] it would not be practicable to parallel establishment of diplomatic relations with the Holy See by the appointment of a corresponding emissary to a Protestant agency such as the World Council of Churches. The World Council is an association of denominations without reference to nationality and not a sovereign entity like the Holy See. Mr. Taylor looked into this question and reported to the President that the Council would not accept representatives of governments.

If it were decided to establish diplomatic relations with the Holy See, American Protestant opposition might be mitigated through designation of a Special or Personal Assistant to the President for the

[1] An earlier draft of this memorandum, dated February 2, not printed, is in file 765A.02/2–250.

[2] The inquiry under reference here has not been identified further.

specific purpose of maintaining contact with faiths other than Roman Catholic. A less controversial solution would be for the President to designate a single person as his personal representative in dealings both with the Holy See and with other faiths.

The latter course was essentially that followed with Mr. Taylor, who did meet frequently with Protestant groups and devoted considerable effort with limited success in promoting cooperation between them and the Catholic Church. It would probably be desirable that this aspect of the work of a successor to Mr. Taylor be given more emphasis and be more widely publicized than was the case in the past. Bishop Oxnam,[3] one of the leading critics of Mr. Taylor's mission to the Vatican, advised Mr. Taylor that opposition would be greatly lessened if his designation were changed to "Representative to the Religious Peoples of the World."

[3] G. Bromley Oxnam, Bishop of the Methodist Church at 150 Fifth Ave., New York City.

601.1165A/3–2250

Memorandum by the Deputy Assistant Secretary of State for European Affairs (Thompson) to the Deputy Under Secretary of State (Rusk)

RESTRICTED [WASHINGTON,] March 22, 1950.

Subject: Public sentiment on relations with the Holy See

Ever since the announcement last January of Mr. Myron Taylor's resignation as the President's Personal Representative to His Holiness Pope Pius XII, there has been sporadic speculation and comment in the press on the question of future relations between the United States and the Holy See. Most of this speculation is based on an assumption that relations with the Holy See will be resumed in one form or another, and has included comment on the desirability of such relations. There has even been conjecture as to the identity of the US representative.

Until about two weeks ago, the Department, the White House, and some members of Congress have been receiving moderate amounts of mail from interested persons in this country, most of it from Methodists and Baptists opposing continuation of resumption of relations. Most of the writers were clergymen of the denominations concerned. The Department has for the past fortnight been inundated by an average of three thousand letters a day from church members; it appears that at least the Methodists and Presbyterian churches are encouraging their members to write the Department and their Congressmen opposing resumption of relations. A preliminary survey

fails to indicate any particular geographic center of origin; many of the letters to the Department base their argument on the "principle of separation of church and state". The inquiries from members of Congress seeking to reply to constituents indicate that their mail deals also with the question of Senate confirmation of Mr. Taylor and a possible successor.

The Department's stock answer prior to the recent flood of letters had been that the views of the writer were being brought to the attention of the appropriate officials of the Government. It will probably not be possible to answer all the letters that have come in recently, but an attempt is being made to cull out those from influential leaders, for acknowledgement. We are telling Congressmen and Senators who inquire that Mr. Taylor's appointment was not submitted to the Senate for confirmation and that, as the President has said, the question of future relations is under study.

120.265A/5-2250

Memorandum of a Meeting With the President by the Acting Secretary of State

CONFIDENTIAL [WASHINGTON,] May 22, 1950.

EYES ONLY FOR THE SECRETARY

Minister to the Vatican

The President stated that he had discussed with Secretary Acheson before he left [1] the possibility of sending Mr. Allen W. Dulles as Minister to the Vatican. The President feels that the time has now come to bring this matter to a conclusion and would like to proceed expeditiously with this appointment; in fact, if you agree he would like the papers sent over and he will move forward with it.

[1] Secretary Acheson had left Washington on May 6 for meetings with Bevin and Schuman and for the fourth session of the NATO Council in London. For documentation on the meetings of the Foreign Ministers, see pp. 828 ff.; regarding the fourth session of the NATO Council, see pp. 85 ff.

611.65A/6-3050 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET ROME, June 30, 1950—11 a. m.

2751. For the eyes of the Secretary only. Following from Franklin Gowen : [1]

"The Pope saw me on June 27 at my request. He received me in private audience. I called to take leave on my transfer to Washington

[1] Gowen had been the Special Assistant to Myron Taylor.

and to thank him for his kindness and help throughout the years I have been stationed at the Vatican.

"The Pope started the conversation by saying he was sorry I was leaving. He then referred to the fact that last January immediately upon the resignation of the personal representative of the President I had been instructed to cease all activities at once. (Deptel 185, January 18 to Rome [2]). He said it had been considered most unusual that the mission had ceased in this manner as he had never received any communication in the name of the President that the President had decided to discontinue relations with him. Neither, the Pope added, had there been any indication as to what form further relations might take if any were still desired. The Pope said he wished in this connection to deny most emphatically rumors that no American representative below the rank of ambassador would be acceptable to him. He pointed out that on the contrary he would gladly accept an ambassador, a minister or even a chargé d'affaires if the American Government should (he repeated) desire to establish official relations with the Vatican on a permanent basis.

"The Pope also said that in the absence of any form of American representation at the Vatican he regretted being unable to receive Americans in their official capacity. He then referred to Korea [3] and the increasing seriousness of the international situation.

"In taking leave I stressed how much his cooperation and assistance had been appreciated and valued. The Pope said America was a country especially dear to him and that he felt now more than ever all the free countries of the world should unite in renewed effort in the cause of truth, justice and peace."

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[2] Not printed.

[3] For documentation on the North Korean invasion of South Korea on June 25, see volume VII.

Myron C. Taylor Papers, Harry S. Truman Library

The President to Mr. Myron C. Taylor

WASHINGTON, July 15, 1950.

DEAR MR. TAYLOR: The heart of the world is set on peace. The soul of mankind yearns for peace in a world riven by anger, hatred, jealousy and all ill-will. Peace, we know, would descend overnight but for the machinations of one wicked man who is spokesman for a cabal of evil associates.

The victims of these doers of evil are found throughout the satellite states. They are whole populations held in slavery under totalitarian tyranny. They are filled with longing for the happiness which was theirs before their countries were despoiled. That happiness can be restored and made real only through an honorable and enduring peace.

So I invite you again to go to Europe. I ask you to resume, with such leaders as are free to talk with you, the possibility of a common peace effort among free people.

Your mission will be personal, and quite informal. You will go without rank or an official commission, as an American citizen of good will seeking to enlist leaders in religion of various and varying allegiances in a quest for peace. We have no other objective.

Now through several years you have been discussing with Christian men, among many nations, the possibility of common action for peace. You and I have talked many times of the plan and purpose to hold in Washington a conference dedicated to peace—no other objective except peace.

Your appeals happily have been received with sympathetic understanding in Europe and at home by many religious leaders, but not by all. However, we are undismayed. We are steadfast in our conviction that righteousness exalteth a nation and, strengthened and inspired by that conviction, we shall always place the power and the prestige of this nation and all the authority of this office on the side of peace.

We must therefore cooperate with all religious leaders who share our conviction that only through peace can happiness again become the portion of mankind.

I ask you, then, in that spirit to go out again on your noble mission. As I have implicit confidence in your character and in your discretion, I give you no specific instruction. It is my earnest hope that you will continue to discuss with men of open minds—wherever you find them—whether leaders in church or state or civic affairs generally, the possibilities of a meeting here in our Capital City to lay the groundwork for peace and to promote good will among men.

If the proposed Washington peace meeting is to be fruitful of tangible results we must all come together in the spirit of brotherly love and Christian charity. If we cannot meet on that basis, I fear that our gathering would be a vain thing and our counsels as idle as sounding brass or a tinkling cymbal.[1]

Very sincerely yours, HARRY S. TRUMAN

[1] Documentation concerning Taylor's visits to Paris, London, and Rome can be found in the Myron C. Taylor Papers at the Harry S. Truman Library.

Editorial Note

On August 7 Under Secretary of State Webb discussed the question of representation at the Holy See with President Truman. The President felt the problem should continue to be studied and wanted to keep it before him for consideration and further talks with Secretary Acheson. On August 28 Secretary Acheson discussed the question with the President, stating that representatives of Protestant denominations wanted to see him about the problem. President Truman agreed that the

Secretary should see the representatives, but not argue the pros and cons of the question, "but merely to explore what was in their minds and give them the assurance that their point of view had been fully understood." Memoranda of the two discussions with the President are in the Secretary's Memoranda of Conversations: Lot 65 D 238: August 1950.

In a handwritten note dated September 1, 1950, drafted presumably by George M. Elsey, Administrative Assistant to the President, the following statement concerning representation was recorded: "Pres said informally in staff meeting he would *not* act on an emissary to the Vatican until *after* Nov. elections, & that he would refer the whole matter to the Congress then!" Under the date November 10, 1950, a second handwritten notation read: "On *Williamsburg* [Presidential yacht], Pres said he would handle this by nominating (to Senate) a Minister to the Vatican—& let Senate argue it out." A copy of the paper containing these handwritten notes can be found in the George M. Elsey Papers at the Harry S. Truman Library.

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Memorandum of Conversation, by the Ambassador at Large (Jessup)

CONFIDENTIAL [WASHINGTON,] September 7, 1950.

Participants: Dr. Walter Van Kirk, Executive Secretary, The Federal Council of Churches of Christ in America
Philip C. Jessup, S/A

Dr. Van Kirk stopped in to see me this afternoon. He said that the Federal Council had hoped to have an opportunity to speak with the Secretary but quite understood the impossibility of his fitting another appointment into his schedule. What concerns them is the question of the possible appointment of an Ambassador to the Vatican. Dr. Van Kirk made it clear that he personally does not share the violence of the views among many Protestant leaders on this subject but wanted to make it plain that the volume of pressure on this question is very great indeed. He said the Federal Council had so far been able to restrain those who were urging violent action but he did not know how much longer they could do this. He said that their delegations had been received by the President twice and understood that the President would make no final move on this matter without letting them know. He said that their Executive Committee is to meet next week and that the leaders will have difficulty in explaining why they are not taking vigorous action on the matter.

I told him that as an old Presbyterian I had always considered that the question was a political and not a religious one but that I had

become familiar with the intensity of the feeling through studying the outcry against Taft's mission to the Vatican to negotiate the settlement of the Friars' lands in the Philippines nearly fifty years ago.

Dr. Van Kirk said that the feeling was much the same now except that it was more intense. He agreed that it was not a matter susceptible to rational argument but was distinctly an emotional question with those who were chiefly worked up about it. His visit was entirely on a most friendly personal basis intended to make clear to us the seriousness of the opposition which would develop if an Ambassador were nominated. He mentioned that among many of the Protestant churchmen there is a feeling that the Secretary himself favors the appointment of an Ambassador.

PHILIP C. JESSUP

George M. Elsey Papers, Harry S. Truman Library

Memorandum by the Administrative Assistant to the President (Elsey) to the Secretary to the President (Hassett)

WASHINGTON, November 11, 1950.

I attach a short statement along the lines of remarks I drafted for the President's use at Gonzaga University in Spokane, Washington, last May. This portion of the speech was deleted prior to delivery because Charley Murphy and I felt that a lot of thought has to be given to this before we could even present it to the President.

Charley and I have talked about it occasionally since that time, but have never pursued the idea very far. A memo from Charley, and one from David Lloyd, are also attached.[1]

After you have read these—at your convenience—I should like to sit down with you and get your ideas.[2]

[Annex]

Proposed Statement for the President[3]

WASHINGTON, undated.

It is my belief that the nations of the world have failed to achieve a just and lasting peace because peace has been regarded as a materialistic matter—a matter of politics, and economics, and geography.

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[1] The memoranda by Charles S. Murphy, Special Counsel to the President, and David D. Lloyd, Administrative Assistant to the President, are not printed, but can be found in the Elsey Papers.

[2] At the bottom of the source text, the following handwritten notation was made: "Handed to W[illiam] D. H[assett] on *Williamsburg*: read & returned by him with advice to drop the matter. Myron Taylor had tried last year with no success to work out such a matter."

[3] Drafted by Elsey.

But peace is far more than these things. It is a moral matter, an ethical matter, a religious matter. Peace is an affirmation of man's obedience to the divine will that all men shall be brothers.

I believe that we need a new approach to peace, an approach that recognizes this basic fact.

I should like to see a closer relationship among the great religious faiths in the world. I should like to see the great religions work together to lead all men toward peace. I should like to see arrangements worked out whereby representatives of the Roman Catholic Church, the Greek Orthodox Church, the Protestant denominations, the Jewish faith, the Moslem and the Hindu faiths, and all the other great creeds could assemble from time to time to discuss the problems common to all those who adhere to moral and ethical values.

I believe that the world needs a great crusade for peace and I believe that this crusade must be led—not only by the temporal rulers but by the spiritual leaders of the world as well. Only through such a crusade can we achieve the peace we seek.

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